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## **The Emergence of the New Nordic Co-operation**

### *1. Introduction*

Nordic Co-operation<sup>1</sup> is an outstanding example of how radically many international institutions changed their functions, working structures and not at least their motives of existence since 1989. It is significant that this regional institution is now aiming to influence developments in third countries and consequently plays its own role in the reconstruction of Europe after the end of the Cold War. This article investigates the motives behind this transformation. After reviewing theoretical and empirical research on institutional adaptation done by other scholars of International Relations, the dimensions of change in Nordic Co-operation will be shown by contrasting its motives, institutions and tasks in the decades before and after 1989. One interesting and quite relevant factor seems to be a certain dynamic of development which is a result of reciprocal interaction with other international institutions in Northern Europe. This aspect will be a special focus of this paper.

### *2. Adaptations in international institutions after the end of the Cold War*

One of the major academic debates that scholars of International Relations had on the background of the historical changes of 1989/90 was about the ability of international institutions to adapt to change. The most striking observation about this phase was that these organisations demonstrated a quite impressive ability to survive. A total dissolution could be observed only in a very few cases (Warsaw Treaty Organisation, COMECON). On the other hand, the founding of new institutions was the exception rather than the rule. The usual way was that the existing international institutions went through a period of reorientation and finally managed to strengthen their position in international politics (Haggard et al. 1993, Shanks et al. 1996).

The theory of political science offers several explanations for this sustaining power of international institutions. One recurring argument refers to the inertia which characterises bureaucratic structures once they are established. It points to the high costs and strong barriers that need to be overcome for the realisation of major changes. They can originate from the institution itself, i.e. from officials who do not want to lose their position in the institution. Therefore they try to put forward convincing arguments for its continual

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<sup>1</sup> This term comprises both formal and informal co-operation between Denmark, Sweden, Finland, Norway and Iceland in the Nordic Council, the Nordic Council of Ministers and within international organisations.

existence. They work out suggestions about how to give the institution a new role and thereby contribute strongly to a successful process of transformation that eventually gives a new role and new legitimacy to the old institution (Keohane/Hoffmann 1994).

Already on the national level the dissolution of governmental institutions is a difficult task and normally only possible in a situation of crisis. On the international level there is in addition the difficulty of finding an agreement with all participating states. The dissolution of existing institutions and the founding of new ones would require huge administrative and financial resources. The uncertainty about how useful these new institutions could finally be means that only in exceptional cases are states likely to take this risk.

Beside these difficulties there are also a number of positive reasons for national governments to preserve the already existing international institutions in which they are members. Especially those states which have a rather privileged position in an international organisation have a strong interest in its survival because then they can continue to use the organisation as an instrument for exerting influence on international politics. A complete dissolution of the old and the founding of a new organisation would involve the danger that they could eventually find themselves in a position of secondary importance. This argument explains why the United States were interested in preserving NATO even after the end of the Cold War. They did not want to give up an organisation which could be useful for maintaining a leading role even in the new Europe (Mouritzen 1996, p. 78). This argument is additionally convincing in the light of suggestions made by France in the beginning of the 90s to establish a new European – Soviet/Russian co-operation framework for which no American participation was assigned (Deubner 1999).

When states consider the founding or the reorganisation of an international institution they always ask themselves the question which consequences this step will have for their position in the international system. Therefore institution building can be interpreted as one aspect of rivalry between states in their struggle for influence on international politics. Whereas the US and the UK were in favour of maintaining NATO and thereby the transatlantic links which give them a quite privileged position, for France and partly also for Germany it was more profitable to concentrate on building and strengthening of institutions with a clear European identity (EU, WEU). A third option, which was preferred by the Moscow government, was to give a prominent role to the CSCE. Only here Russia was one of the founding members and could therefore expect to enjoy equal conditions in the upcoming institutional transformation.

In fact, more than one of these concepts for new patterns of co-operation in Europe have been realised in the 1990s. This has led to a rather high degree of institutional complexity in the international relations of Europe. Some of the organisations specialised in certain fields of activity. However in several cases there are parallel structures and overlapping purposes. For example both NATO and WEU are primarily defence alliances and EU, OSCE and the Council of Europe all strive (among other things) for the respect of human rights and democracy.

It is certainly not yet possible to give a final estimation of the pros and cons of this institutional complexity. A disadvantage could be that the areas of competence and responsibility become unclear. It is becoming more and more difficult for politicians and common citizens to identify the actors behind political events. There is a danger that necessary actions can not be carried out because it is not possible to decide whose task it is. Additional problems could appear from the need to co-ordinate activities between various institutional actors which all have competence in a certain area. From a more optimistic point of view, the overlapping of purposes of different institutions could have the opposite effect. If there is more than one co-operation framework in which states can deal with a certain problem, there is also a higher probability that at least one of them will be successful (Mouritzen 1996, p. 82).

Finally there is one more assumption concerning the effect of parallel structures. Such a constellation could contribute to speeding up the reorganisation of international institutions. It gives rise to a constructive competition about legitimacy, prestige and the distribution of competence. Therefore institutions make strong efforts to improve their potential to meet new challenges in international politics. This competition between institutions does not necessarily mean that there will be winners and losers in the end. It is even possible that all of them will improve their position and finally find a constellation in which they complete and support each others tasks. This aim could serve as a motor which supports the whole process of institutional change.

overlapping competences	institutional competition	increasing dynamic concerning the formation of	new tasks
			more efficient working structures / (new) instruments

### 3. *Nordic Co-operation during the Cold War*

#### 3.1 Driving forces

In the decades after the Second World War Nordic Co-operation was manifested in the foundations of the Nordic Council (1952), the Nordic Council of Ministers (1971) and in the co-ordination of Nordic policy in various international organisations. In the following the driving forces behind this threefold emergence will be explained.

The efforts to realise an ever closer co-operation among the Nordic countries can be traced back to the beginning of the 19<sup>th</sup> century when the popular Scandinavian movement strived for a unified Scandinavian state. In contrast to similar developments in Germany and Italy this vision did not become true. The Nordic states did not even manage to build up any kind of confederation but stayed neutral until the Second World War. It was only after

having made traumatic experiences with foreign occupation that they changed security policies.

But the solutions they found were not homogeneous. They led to different orientations in foreign policy with Denmark, Norway and Iceland joining NATO, Sweden staying neutral and Finland basing its relations with the USSR on a treaty for friendship and mutual assistance in certain cases of military conflict.

Likewise in the economic sphere the Nordic states did not manage to build up their own community, although there was no lack of initiatives which were aimed at starting an integration process similar to that of the Benelux countries. Eventually it was only with the help of wider European institutions that the Nordic countries reached economic integration through membership in EFTA and later membership in free trade agreements with the EC. On the other hand it is remarkable that it was just this divided Nordic engagement in wider European organisations which seems to have stimulated the development of less ambitious common institutions on the Nordic level (Laursen 1994, p. 8, Pedersen 1995, p. 345). The NATO-accession of Denmark, Norway and Iceland was followed by the foundation of the Nordic Council (1952). The applications of Denmark and Norway for EC-membership came parallel to the signing of the Helsinki Treaty about Nordic Co-operation (1962) and the Danish accession to the EC coincided with the foundation of the Nordic council of Ministers (1972).

This interrelation between the institution-building processes on the European and on the Nordic level can be explained with the existence of strong forces which prevent the Nordic states from drifting too much away from each other in international politics. There are four main motives that explain Nordic Co-operation as it emerged in the decades after the Second World War.

First, the common historical and cultural traditions of the Nordic countries together with their closely related languages enable transnational contacts on all levels of society. An overall feeling of belonging together emerges easily among the Nordic peoples. The consequence is a certain pressure on Nordic politicians to co-operate.

The second motive can be seen in the advantages which follow from a division of labour organised by common Nordic institutions. In many aspects there are great chances if the limited capacities of the five small states are organised in such a way that they complete each other. For instance, the common Nordic labour market made it possible to use human labour force in that country where it is needed most and where it can give maximum output. A Nordic division of labour was also reached by common Nordic public services in areas like education, science, administration, culture and economic development.

The third motive follows from the direct neighbourhood of some Nordic countries with major European military, economic and cultural powers. This was especially the case in the bilateral relationships Finland – USSR and Denmark – Germany/EC. The Nordic states were eager to balance unequal relationships to third countries by emphasising their Nordic identity and strengthening Nordic Co-operation (Mouritzen 1995:13).

A fourth motive for Nordic Co-operation was that it could support the efforts of its member states to play an independent role in world politics. In the bipolar global system with capitalism on the one side and communism on the other the Nordic countries were eager to develop their own model of society. The goal was to create a synthesis between the capitalistic demand for efficiency and the socialistic concept of equality, which Olof Palme labelled Democratic Socialism. One of its functions was to provide the newly independent states in the Third World with a possible perspective for a “Third Way” development without being forced to join either the East or the West in a bipolar world. By creating this Nordic Model and co-ordinating their Third-World-policies in the UN and other international organisations the Nordic states aimed to contribute to the overcoming of the Cold War. This was thus eventually a strategy to maintain peace and stability even in the Nordic region itself.

### 3.2 Subjects and results of Nordic Co-operation until 1989

The main tasks of the Nordic Council and the Nordic Council of Ministers during the times of the Cold War rooted in areas like the realisation of a common labour market, social policies, science, education and culture. In contrast, the two institutions could not contribute much to economic integration and co-operation of the Nordic countries' foreign and security policy. This was because of the different foreign policy choices of the single states.

One of the most prominent successes of Nordic Co-operation was the realisation of a common labour market. This goal had consequences even in other policy areas. Indirect barriers for the mobility of persons such as border controls were removed. A harmonisation of legislation in labour- and family-law and of the five countries social security systems had taken place. Workers who cross the border to other Nordic countries have the same right there for access to public social services as that country's own citizens.

Nordic people were additionally encouraged to cross borders by a lot of projects initiated by the Nordic Council. They include exchange programmes for pupils and students, common projects in culture and science, Nordic support for film- and TV-productions as well as prizes for literature and music.

Although there was no priority on economic policy, Nordic Co-operation had some advantages also in this sphere. The common labour market enabled a maximum effect from the workforce and consequently supported economic development. With the founding of the Nordic Industry Fund (1973) and the Nordic Investment Bank (1976) two instruments were established for the promotion of investment and new technologies. One famous result of Nordic economic co-ordination is the airline SAS which was established jointly by Denmark, Sweden and Norway.

The fields of co-operation in the Nordic Council and the Nordic Council of Ministers, shown above make evident that the main tasks of these two institutions were connected to

the internal dimension of Nordic Co-operation. In contrast they did not have much direct relevance for relations with third states. This restriction followed from the different orientations of the Nordic countries in foreign and security policy. Consequently there was no formal Nordic Council of Foreign and Defence Ministers.

However in some cases even co-operation in the Nordic Council was of direct relevance to Nordic foreign relations. The sessions of the Nordic Council provided the Nordic Prime Ministers with an opportunity for informal meetings where they could also discuss foreign policy concerns. In a few exceptional cases the Nordic Council involved itself in international politics. One example was a resolution of solidarity with Iceland in 1976, which waged a fisheries war against the UK. In the 1980s the Nordic Council supported plans to establish a nuclear weapon free zone in Northern Europe (Værnø 1993: 261).

Apart from these exceptional incidents of formal Nordic Co-operation in foreign policy there has also emerged another rather informal framework in which Nordic Co-operation has taken place since the end of World War II. This is the co-ordination of Nordic policies within international organisations such as the UN, the OECD and the GATT. Although this co-operation had been a major part of Nordic Co-operation it was not very much institutionalised and was based mostly on direct informal contacts between the governments. It included meetings of the Foreign, Defence and Prime Ministers at least two times a year. As mentioned above, they were not a formal part of the Nordic Council of Ministers. Their only legal basis was the Helsinki Agreement of 1962, where especially two articles had a clear foreign policy dimension. Article 22 requires the five states to discuss and promote Nordic interests in the area of international trade policy, and article 35 provides for co-ordination in Nordic foreign aid policy.

The UN with its committees and suborganisations was one of the international organisations on which Nordic Co-operation put its main emphasis. Looking at the global east-west and north-south conflicts and the generally limited impact of small states on international politics, the Nordic countries were eager to strengthen the position of world organisations and thereby enforce the principle of international law and reduce the prevalence of power politics.

In order to reach this goal they developed mechanisms for co-operation which made it possible to concentrate Nordic influence to a high degree. Today the Nordic countries benefit from a well-developed system of work-sharing. It is especially effective in bodies and committees where not all the five states participate at the same time. As long as one of them is represented in, for instance the Security Council of the UN, it serves as an informal Nordic representation and thus gives the partner states insight into its work.

The dimensions of Nordic Co-operation before 1989 described above demonstrate clearly that it covered a rather broad spectrum of policy areas already in the period of the Cold War. From legislation concerning the social security systems to cultural, environmental and industrial policy and covering education, science and foreign aid as well as international trade policy, conflict management and arms reduction, nearly every political

issue could become a subject of Nordic Co-operation. In several international organisations, especially the UN, the Nordic countries attained a scope of action far beyond the usually rather limited opportunities of small states.

However, it must be taken into account that there was a clear distinction between internal Nordic Co-operation taking place in the Nordic Council and the Nordic Council of Ministers on the one hand and the external effects of Nordic co-ordination within international, mainly global organisations on the other hand. There was nearly no formal link between these two dimensions of Nordic Co-operation and both of them had rather different fields of action. Apart from that they also differed from each other concerning their degree of institutionalisation. Whereas the Nordic Council and the Nordic Council of Ministers were regular organisations with formalised working structures and their own bureaucracy (secretariats) the co-ordination within international organisations was rather based on informal direct contacts between the national governments without the setting-up of separate institutions.

#### *4. Changes in Nordic Co-operation after 1989*

##### 4.1 New patterns of co-operation in Northern Europe

The great global changes which are connected to the year 1989 immediately influenced the circumstances under which Nordic Co-operation had developed until then. Especially in Northern Europe, in their direct "neighbourhood," Denmark, Sweden, Finland and Norway experienced changes which made a principal reflection of foreign policy interests and strategies necessary. The fall of the Berlin Wall in 1989, the reunification of Germany in the following year and in 1991 the restoration of independent Baltic States and the dissolution of the Warsaw Treaty Organisation and of the USSR can be mentioned as main factors.

These incidents brought with them new opportunities for the restructuring of co-operation frameworks on the international and especially at the European level. One result was the eastern enlargement of international organisations which until then had been limited to countries of the western world. Another result was the changing of functions in over-all European institutions in accordance to new needs (e.g. CSCE → OSCE). In some cases even new international institutions were founded e.g. the Council of the Baltic Sea States (CBSS) or the Central European Free Trade Area (CEFTA).

Incidents with special relevance for the Nordic countries were the accessions of Finland and Sweden to the EU (1995) and the extension of EU-functions which followed from the Maastricht-Treaty (1991). They include new dimensions of economic integration (currency union) and new competencies in the areas of foreign and security as well as justice and home affairs. From a regional, western European organisation with Denmark as the only Nordic member and with EFTA as an equal alternative, the EU has turned into the main

political actor in Northern and Northeastern Europe. Her extensive regulations (acquis communautaire) determine not only most of the legislation in the three Nordic member states but also in Norway and Iceland, who participate in the common market through membership in the European Economic Area (EEA) since 1994. Moreover the EU has importance as a regulative power for former member states of the Warsaw Treaty Organisation and successor states of the USSR. Especially the European Union agreements with Poland and the Baltic countries and the accession negotiations which started in 1998 have strengthened the role of the EU as a regional power and as a stimulator for international co-operation in the European north. Even beyond the countries involved in the accession process, the EU is engaged in northwestern Russia, using instruments like the TACIS-programme and strategies like CBSS-membership, the Northern Dimension and the Strategy for Russia.

In addition to the EU, NATO also plays an important role in Northern Europe. This has become obvious with its two eastern enlargements first with the area of Eastern Germany (1990) and later with Poland (1999) and by an increasing extension of NATO co-operation towards non-member-states. It has been materialised by the founding of the Partnership for Peace and the NACC, each of them comprising all Baltic Sea states including Russia. It also becomes evident in the efforts of the Baltic states for NATO-membership and in the participation of Sweden and Finland in military regional conflict management led by NATO.

These developments clearly illustrate new spheres of action and chances for co-operation which came up after the end of the Cold War. On the other hand, many problems of a new quality appeared on the European agenda. Partly they emerged only as consequences of the new international situation after 1989. This means that basically new mechanisms and instruments had to be created to deal with them.

The main challenges were the consolidation of the new democracies, the management of ethnic conflicts, the creation of efficient administrations and not least a successful economic development. The term *security* was given a broader meaning, now covering even the need to give former military capacities new civil functions (conversion). In Northern Europe this was especially a problem in the regions of Kaliningrad and Murmansk. But also security questions which do not follow from military but other threats like environmental risks, migration problems or organised crime are rather demanding for the new patterns of co-operation in Europe.

EU and NATO both have reacted to these challenges with an extension of competencies and a geographic expansion of their activities. It is also appropriate to mention the role the OSCE has developed to handle conflicts especially in those regions of Europe where EU and NATO can not be the main actors. The importance of the OSCE emerges not least from the fact that it provides a framework for co-operation which involves Russia on an equal footing.

In addition to these institutions promoting overall European co-operation special regional patterns for co-operation have emerged in Northern Europe during the 1990s. Nordic Co-operation has been completely reorganised. Other institutions like the Baltic Council (1991), the Council of the Baltic Sea States (CBSS, 1992), the Barents Council (1993) and the Arctic Council (1996) have been set up totally new. They all contribute to the re-establishment of links which help to overcome the long-standing division line between East and West. A new, geographically more extensive Northern European identity is emerging.

The new institutions seem to provide a perfect framework for regional co-operation. This is especially the case with the CBSS. Its foundation, the result of a Danish-German initiative, was an immediate reaction to the events of 1991. The dissolution of the USSR and the Warsaw Treaty Organisation has left behind an institutional vacuum that could not in the short term be filled by large-scale concepts like the enlargement of EU and NATO. In contrast to the likewise discussed eastern enlargement of Nordic Co-operation with the Baltic states, the CBSS had the advantage that it also includes Russia. It offers an opportunity to multilateralise and thus stabilise Baltic-Russian relationships which have a high potential for conflicts.

Among the “Western” members of the CBSS there are the five Nordic states, Germany and the European Commission. The institution benefits from the experience and the readiness for action which the Scandinavians have regarding their neighbouring regions in the east. The participation of the EU and Germany gives the new institution an overall European importance and helps create a balance between member states from the East and West.

Concerning its competences and tasks the CBSS was attributed a high potential for development from the very beginning. Looking at the circumstances of its foundation, the main focus was at first on the consolidation of the new democracies. But the areas of activity were quickly supplemented with subjects such as environment, traffic, energy, crime-fighting, etc.

Central decision-making at the CBSS takes place at the annual regular meetings of the Foreign Ministers. If necessary there are additional meetings of ministers from other sectors. The Summits which since 1996 have taken place every second year and the CBSS secretariat established in Stockholm in 1998 are clear symptoms of the stable position which this organisation in the meantime has reached in Northern European politics.

#### 4.2 Changing motives for Nordic Co-operation

Considering the emergence of new regional institutions and the increasing relevance of already existing international organisations for northern Europe it is necessary to raise the question about the role that remains for Nordic Co-operation within these new constellations. To find an answer its motives have to be re-evaluated. It needs to be

clarified which of them remain unchanged, which disappear and to which extent new reasons for Nordic Co-operation arise.

In chapter 3.1 four main motives for Nordic Co-operation during the period of the Cold War were pointed out. First the cultural community, constituted by the Nordic countries, secondly the functional advantages following from a division of labour especially for small states. The third motive was the use of Nordic Co-operation as a foreign policy instrument and the fourth followed from the efforts of the Nordic states to contribute to the overcoming of the global contrast between capitalism and communism.

The cultural links between the Nordic countries are based on deeply-rooted historic traditions. It is hardly possible to imagine that they in the short-term could cease to be one of the factors which strongly effect their foreign relations. On the contrary, it could be expected that in the future they will be even more a source of legitimacy and inspiration for Nordic Co-operation. It is an overall European phenomenon that the increasing internationalisation of politics, economy and society demands the development of patterns of identity based on history and culture. In this respect, the Nordic area as a comprehensive historical region seems to be a perfect framework.

However the question remains why this should be an argument for the preservation of Nordic Co-operation exactly within the hitherto existing geographic extension. Reflections about how to define a historical region in northern Europe which could be the basis for identity-building could easily lead to the conclusion that the co-operation between these five northern European states is nothing more than a consequence of compelled unhistoric restrictions under the special circumstances of the Cold War. After the removal of unnatural barriers since 1989 it would be necessary to redefine the geographic extension for a regional co-operation in northern Europe which is based on historical and cultural ties (Wæver 1992).

This would raise the question about whether an eastern enlargement of Nordic Co-operation would be the appropriate solution, analogous to the eastern enlargements taking place within overall European organisations and being likewise interpreted as the restoration of “natural” and only temporarily interrupted ties between culturally closed, related countries. But similar to discussions within the EU, the question for Nordic Co-operation would be: Where are the limits of a geographic extension? In the minimum case it should not be too difficult to integrate Estonia which already now occasionally characterises herself as a “Nordic” country (Ozolins 1998, p. 59). A more comprehensive solution would be an inclusion of all three Baltic states in the Nordic Co-operation. To some extent this has already been realised through the so called Nordic-Baltic (5+3) co-operation. The maximum scenario would be a regional co-operation based on a northern European identity which includes northern Germany, Poland and northwestern Russia (Troebst 1999). But this would no longer be possible within the traditional institutional setting of Nordic Co-operation. The establishment of the CBSS therefore is the natural consequence of the new, or newly attained, broader understanding of northern Europe.

However with the emergence of the CBSS a certain institutional tension arose. There seems to be a competition between two different regional concepts that could be distinguished by the terms *Nordic* and *northern European* (Neumann 1998). They indicate two institutional frameworks for regional integration in northern Europe which have developed in parallel during the 1990s. It is obvious that both of them have at least in a medium-term a sufficient basis for existence.

A number of aspects predetermine the actual five members of Nordic Co-operation for a closer relationship with each other than with third states in northern Europe. Here again the Nordic language community has to be taken into account. In addition, there are some specific Nordic political values such as transparency, egalitarianism and consensual democracy which together form a distinct protestant identity. An important factor is also the common self-perception as small states which is a condition for a balanced co-operation between equal actors. This latter aspect could be a strong argument for the integration of the Baltic states into Nordic Co-operation. Whereas co-operation with Russia, Germany and Poland for the Nordic states always involves the risk of being dominated, this threat does not exist in a community shared with Estonia, Latvia and Lithuania.

Another motive for Nordic Co-operation during the Cold War that now has to be questioned is the functional advantage for the participating states. Many of the functions of traditional Nordic Co-operation were delegated to other international organisations after 1989. Thus it seems that this motive has lost much of its importance. The idea to provide a framework for international co-operation and to get admittance to greater resources to enable an efficient division of labour and hence improve the chances for economic development was taken over by the EU. It is now the European level, at which the Nordic states co-ordinate their positions within global organisations in the fields of foreign, security, trade and foreign aid policy. Consequently the EU has gained ground in the core spheres of traditional Nordic Co-operation. There is no question that between these two competing levels of co-operation the European one is more powerful and a serious enough challenge for the Nordic Co-operation to reconsider its basis of existence.

In this situation two scenarios for the development of Nordic Co-operation can be imagined. The first one is that Nordic Co-operation is continuously active in the same fields which also are covered by the EU. Its own legitimacy is however maintained by being better, quicker and by promoting additional advantages. The free movement of persons as a basic goal for both Nordic and EU co-operation can serve as an example. Since the 1950s and even after the establishment of the EEA and the accessions of Sweden and Finland to the EU in 1995 its realisation is more advanced on the Nordic than on the

European level. From this follows an impetus for Nordic Co-operation to continue with its own regulations in this field and thereby to exceed the results of the EU.<sup>2</sup>

The other possible scenario for the development of Nordic Co-operation is a concentration on policy areas which are not yet covered by the EU or other organisations of relevance for northern Europe. This is for instance the case with cultural policy. In Europe it is still the domain of the national states. But it was a major part of Nordic Co-operation already before 1989. During the 1990s the importance of the cultural aspect has increased continuously. It has become a component of identity and community-building considering the ongoing process of globalisation and the increasing need for self-presentation in third countries. By working together the Nordic states acquire more attention for various cultural events like Nordic exhibitions, concerts or conferences.<sup>3</sup>

Other fields in which Nordic Co-operation could increase its relevance during the 1990s are energy and information technology. The latter has got its own "IT-Council" within the Nordic Council of Ministers. In view of the leading position which the Nordic countries have in this industrial sector, one of its tasks is to discuss opportunities for the strengthening of democracy and the promotion of Nordic languages and culture which could result from the use of new technologies. Other aims are to introduce common rules for electronic trade and to support the application of new technologies in small and medium sized companies.

One of the motives which was mentioned to explain traditional Nordic Co-operation was the strategic expectation that it improves the position of its members in international politics. This had until 1991 been of special relevance for Finland. Co-operation within the Nordic community was one of the very few institutionalised links to western countries. After the end of the Cold War the EU has taken over this function to tie Finland to the West. Thus this motive for Nordic Co-operation disappeared. But today there is an argument for Norway and Iceland that has some structural parallels. Both countries are not members of the EU and therefore need their Nordic partners as informal but stable links to the decision-making bodies in Brussels.

However all five states have the chance to benefit from Nordic Co-operation in European politics. There are still a lot of common interests which follow from the specific Nordic model of society and have influence on the formulation of political goals within the EU. Concerning the development of the European polity there is a strong focus on values like transparency, subsidiarity and consensual democracy. Policy issues of special Nordic relevance are among others the labour market, the environment and gender equality. The more the EU increases in importance as a political system and as a leading power in

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<sup>2</sup> Free movement of persons between the Nordic states is encouraged by a far-reaching compatibility of the national systems of social security, education, taxes and employment agencies.

northern Europe, the more it becomes necessary for the Nordic states to concentrate their efforts and to jointly represent interests that follow from their common values.

The EU offers an appropriate framework for such efforts. The three Nordic member states have relatively high voting power in the Council of the EU. Denmark (3), Finland (3) and Sweden (4) together have as many votes as Germany (10), although the number of EU-citizens they represent together is less than a quarter of the inhabitants of Germany. Another leading body of the EU where the Nordic states can benefit from close co-ordination is the EU-presidency. One of the Nordic states participates in up to 9 of 15 Troikas, consisting of the present, the former and the following holder of the EU-presidency. Consequently Nordic co-operation could reach almost continuous access to this most important circle of the European Union (Pedersen 1995, p. 345). In some respect there are parallels to the good co-operation experiences within the UN. The Nordic states managed successfully to co-ordinate their voting behaviour here and to obtain a relatively strong Nordic presence in its leading body, the Security Council.

#### 4.3 New Institutions for Nordic Co-operation

The changing of motives and tasks for Nordic Co-operation since 1989 was followed by a principal reconstruction of its institutions. The central driving force in this process was the idea to enable Nordic Co-operation to take over a constructive and influential role in the developments of the adjacent areas in the East and on the overall European level. This aim was mentioned in the 1991 "Mariehamn Declaration on Future Nordic Co-operation" that was adopted by the five heads of government, who agreed that "on the interests and needs of their citizens, the Nordic countries must try to influence development in Europe and among their neighbours. This will require a renewal of the forms of Nordic consultation, among other things, in international questions" (Nordisk Råd 1992, p. 722).

One of the measures to implement these goals was a revision of the Helsinki Treaty in 1993. The revised article 33 now states that "participation by the High Contracting Parties in European and other international forms of co-operation provides excellent opportunities for collaboration to the benefit of Nordic citizens and companies. The Governments bear a particular responsibility in this regard to safeguard interests and values held in common." In addition, article 40 was expanded to permit co-operation, not just in the Nordic Council and Nordic Council of Ministers, but also at the meetings of the Prime Ministers, Foreign Ministers and other ministers. This amounted to a formalisation of current practice. Article 61, which was also revised, now gives the Prime Ministers overall responsibility for co-ordinating co-operation, emphasising the leading role of the rotating presidency in "the

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<sup>3</sup> In 1999 the national broadcasting companies of Denmark, Sweden, Finland and Norway established a common Scandinavian TV channel in the USA. In 2000 a Scandinavian House opens in New York as a common Nordic location for cultural and social events.

Council of Ministers, at other Ministerial meetings, and at consultations of the Governments on European and other international matters at all levels.”

The next and most radical reform measures in the process of institutional adaption followed from the accessions of Sweden and Finland to the EU in 1995. A decision of profound importance was to base Nordic Co-operation on a three-pillar-system. It comprises the continued co-operation in internal Nordic affairs, EU and EEA politics and politics concerning the adjacent areas. In accordance with this threefold orientation three new committees were established in the Nordic Council. They replace the up to then six committees for budget, economy, law, culture, environment and social affairs.

This measure reflects the ambitions to use the Nordic Council as an instrument to discuss and co-ordinate Nordic European politics. The aim is not only to improve the position of the single states within European processes of decision-making but also to enable as much as possible a homogenous implementation of EU-directives into national law.

Other reform measures since 1995 were related to the Nordic Council of Ministers. It was decided that the discussion of EU-questions should become a permanent and automatic issue on its agenda. The secretariat in Copenhagen was given the role of a "think tank" with the task to prepare meetings of ministers and government officials. A Contact Group consisting of officials from the five Permanent Representations at the EU was set up to provide the secretariat with insider informations about actual developments in Brussels.

Even those rules that were introduced to involve the Baltic states into Nordic Co-operation can be evaluated as important institutional innovations. At first the precondition was the formation of institutionalised co-operation among these three states. Taking the respective Nordic institutions as a model, they introduced a Baltic Council and a Baltic Parliamentarian Assembly. There are regular meetings between politicians from Nordic and Baltic Co-operation. At least once a year the five Nordic and three Baltic Prime Ministers meet for discussions.

Other institutional innovations supporting Nordic political interests in the adjacent areas are the information offices which were established in Tallinn, Riga, Vilnius and St. Petersburg. Their task is to spread information about the Nordic states and to contribute to the realisation of projects which support the development of these regions. Many of the Nordic institutes that had been established before 1989 to maintain internal Nordic interests have since then received additional tasks regarding the co-operation with the adjacent areas. One good example is the new function of the Nordic Investment Bank which has become a creditor for many public and private projects aiming at the development of infrastructure and of private companies in the Baltic states and northwestern Russia.

#### 4.4 New results and successes

The following two examples will illustrate how far-reaching effects the new Nordic Co-operation has on European politics. The first case is about the impact of Nordic expert knowledge on EU-decision making processes, the second about Nordic contributions to the EU-integration of the Baltic states.

In some policy areas such as environment, energy, consumer protection, technology and regional development the Nordic states have developed quite advanced capabilities for the management of problems. This becomes obvious both in a progressive legislation and in the use of innovative strategies and instruments in their public administrations. Very often these concepts result from the work of expert committees formed by Civil Servants from the five states or they are developed in one of the many Nordic Institutes that are specialised on various fields of work.<sup>4</sup>

With the far-reaching transfer of competencies especially in the above mentioned policy areas to the European level Nordic Co-operation succeeded in contributing with expert knowledge to the development of law initiatives within the EU. The European Commission has for instance taken over a working paper of the Nordic Council of Ministers about the “Certification of sustainable fisheries/fisheries products” and tries to convince the European governments now to introduce an environmental friendly fishery policy based on this. At the same time the Nordic states with the Commission’s support seek to carry out the consideration of environmental aspects in global institutions for fishery policy like the FAO and COFI. Beyond that there are further concrete examples for Nordic impact on EU-legislation in fields such as certification of environmental friendly products and regulation of food additives.<sup>5</sup>

Hence one of the most impressive results Nordic Co-operation has achieved in foreign affairs during the 90ies is its contribution to the sovereignty of the Baltic states and to their national and economic consolidation. Until the recognition of independence in August 1991 the individual Nordic states followed different strategies with regard to their Baltic neighbours (Schumacher 1996). Whereas Iceland and Denmark not only among the Nordic but also the western countries were most determined to support the Baltic independence movements, Sweden and Finland were more reserved and anxious not to disturb their balanced relationships to the Soviet leadership in Moscow. Therefore official and distinct common Nordic resolutions could not be formulated very distinct and consequently were not a useful instrument within Nordic policies towards the Baltics.

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<sup>4</sup> Examples are among others the Nordic Center for Spatial Development, the Nordic Institute for Advanced Training in Occupational Health, the Nordic Council for Alcohol and Drug Research or the Nordic Institute for Women’s Studies and Gender Research.

<sup>5</sup> For a more detailed illustration of how Nordic expert knowledge gains admittance to EU legislation procedures see Nordisk Ministerråd: Nordisk Ministerråds sektorarbejde med Europa-spørgsmål – statusrapport 1998, Copenhagen 1999.

However, in reality the Baltic countries still could benefit from Nordic Co-operation. For instance by participating as observers in sessions of the Nordic Council, Baltic politicians were internationally upgraded and acknowledged as foreign policy representatives of their countries. In such cases they even got the opportunity to bring forward their concerns not only in front of Nordic politicians but also of journalists from the international media.

Since the revolutionary changes and reorientations in foreign policy connected to the year 1991, a principal assimilation of political goals and strategies of the Nordic states with regard to the Baltic Sea region could be observed (Nordisk Ministerråd 1996: 5). Consequently it became possible to use Nordic Co-operation in order to realise common goals in a more professional and comprehensive way. The Nordic states carried out a number of measures which helped to consolidate the sovereignty of the Baltic states. These included joint declarations of the Nordic Foreign Ministers in which they claimed for Russian troop withdrawal from the Baltic states. Nordic efforts for the inclusion of the Baltic states into military conflict management in the former Yugoslavia contributed to their integration into western patterns of co-operation. Common Nordic projects and institutions even supported the consolidation of democratic institutions, the formation of efficient administrations and the development of marked economy in the three neighbouring countries. Examples are the exchange programmes for Civil Servants, scholarships in different educational and professional sectors and the Baltic Investment Programme established in 1992.

Another dimension within Nordic efforts to secure the sovereignty of the Baltic states is the support for their membership in international organisations. In this respect the EU is of crucial relevance. It was a success of Nordic Co-operation attained in the context of the EU-accession negotiations of Sweden, Finland and Norway and under the Council Presidency of Denmark to get the acceptance for Europe agreements on the Copenhagen EU Summit in July 1993 (Schumacher 2000: 156). By that the Baltic states received for the first time a concrete perspective on EU-membership and were set on an equal footing with the other central- and eastern European candidate countries as for instance Poland and Hungary.

The homogenous proceeding of the Nordic states in their efforts to promote Baltic accession to the EU continued until 1997. In that year Finland left the unanimous Nordic front for a certain period of time. The reason was the growing understanding within the Commission and most of the EU member states that the shortcomings in the Amsterdam Treaty with respect to institutional reforms would at first only allow a partial eastern enlargement. Therefore the Commission proposed to invite Estonia as the only Baltic state to the first round of enlargement negotiations. During a meeting of the Nordic and Baltic Foreign Ministers in Bergen in September 1997 Finland declared to agree with such a proceeding. On the contrary the other Nordic states insisted on a simultaneous start of accession negotiations with all candidate countries so that Latvia and Lithuania still could have the same chances for EU membership as soon as possible. Even though it was not

possible to agree on an unanimous Nordic position in this question in other aspects Baltic EU integration continued to be pushed forward on an overall Nordic basis. For instance on the same meeting in Bergen all Nordic governments complied with a Swedish initiative to support Baltic adaption to EU regulations in the field of justice and home affairs (Pressmeddelande 1998).

A joint initiative of Denmark and Sweden prepared the way for a solution, which was then decided on the EU Summit in Luxembourg in December 1997. It almost met the interests of all Nordic states with respect to Baltic participation in the enlargement process. Accession negotiations were indeed at first only conducted with the six countries that were pointed out by the Commission. But on the other hand further measures were decided to promote the development in the other candidate countries and to improve their position within the overall process of enlargement. In addition they were promised to be accepted in the first negotiation round as soon as they fulfil the qualifications (Friis 1998: 8).

Finally on the Helsinki EU Summit in December 1999 it was decided that from 2000 on all central and eastern European candidate countries will participate in the first round of enlargement negotiations. Hence for all three Baltic states EU-membership has become a concrete and possibly even a short term perspective. It is hardly imaginable that such a result could have been realised without the support of the Nordic Co-operation.

## 5. Conclusion

This analysis has shown that Nordic Co-operation in many aspects has experienced a quite radical process of transformation. This can be observed with regard to patterns, institutions and instruments in which this co-operation is taking place. Among the new fields of competencies which Nordic Co-operation has acquired in the new Europe, both EU-politics and co-operation with the adjacent areas are particularly remarkable. It is a new quality of competencies that foreign policy now has a legal basis from within and covers a major part of Nordic Co-operation even though there is still no formal Nordic Council of Foreign Ministers.

However, there are some dimensions where changes have been rather limited. It is striking that nothing has changed concerning the number of member states. In this respect the transformation process of Nordic Co-operation differs a lot from developments in most of the other international organisations after 1989, which in the meantime have taken in new members. In the case of Nordic Co-operation the establishment of institutionalised relations with the Baltic states could at best be interpreted as some kind of informal eastern enlargement.

In fact the centre of gravity of Nordic Co-operation has shifted towards the East. This tendency has already lead to countermeasures like the creation of the *Westnordic Council* comprising Iceland, Greenland and the Faroe Islands. Their aim is to prevent the

neglecting of their specific interests (fisheries, environment of the sea, mineral resources, tourism) within the over-all Nordic community (Lindboe 1999). But just as much as in the case of Arctic, Barents and Baltic Sea Co-operation, and in the emerging Samic Parliamentarian Council, these new frameworks of co-operation should be categorised as subgroupings and structural supplements to Nordic Co-operation. They do not question its principal character as a five member co-operation.

In the transformation process of Nordic Co-operation two main driving forces can be identified. The first one is a reorientation and at the same time a certain assimilation of foreign policy interests of the five member states. The Europeanisation of foreign policies let them recognise Nordic Co-operation as an instrument which after adequate adaptations could be used to support their goals in European politics. The similarity of national interests, the fact that no process of enlargement had to be mastered and last but not least the rather small bureaucratic apparatus of the institution which to a large extent is based on informal contacts reduced the negotiation costs during this process of transformation and promoted a quick and far-reaching reconstruction of Nordic Co-operation.

The second main driving force in this transformation process can be identified as reciprocal effects emerging from interactions with other international institutions. Historic precedents for these effects are the accessions of Denmark, Norway and Iceland to NATO and the accession of Denmark to the EC. Each of these incidents caused as effects of compensation the setting-up of new institutions for Nordic Co-operation. In the same way, the heavily increasing importance of the EU in northern European politics was a decisive impetus for the advancement of Nordic Co-operation. It led to the formation of additional areas of competencies which are not yet exercised by the EU to the same degree.

In some aspects EU functions could be supplemented by Nordic institutions. This is for instance the case when the European Commission is supported by Nordic expert groups in the drafting of law initiatives. Synergy effects also arise from the interaction with other international institutions as it is the case with the Baltic Investment Programme financed jointly by the Nordic Investment Bank, the Nordic Projectexportfunds and the EBRD. Even though many new international organisations emerged as actors in northern European politics during the last decade, they have not managed to make Nordic Co-operation unnecessary but rather gave it an even broader foundation. This can again be observed most clearly in the case of the EU which already now constitutes approximately one third of the work of the Nordic Co-operation. The new role of NATO within military conflict management likewise contributes to an ever closer co-operation of the Nordic countries in the field of security policy.

Finally, even the new regional institutions in northern Europe should not be seen as an alternative but as a supplement and thereby a strengthening of Nordic Co-operation. Otherwise it would not be possible to explain the membership of Norway and Iceland in the CBSS. The CBSS flanks the realisation of those goals which Nordic Co-operation has

in the Baltic region by helping to improve the relations with Russia and promoting German and EU engagement in northeastern Europe. The CBSS provides the Nordic states with a framework for co-operation which they can use for the realisation of projects that require the involvement of all Baltic Sea states such as the Baltic energy ring or the planned trade system for emission quotas in northern Europe. In any case Nordic Co-operation will remain as the core dimension in the foreign relations of its five member states. If required they can include additional, more comprehensive institutions into the management of more far-reaching challenges.

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