1

A

49482

0-315-01625-6

National Library
of CanadaBibliothèque nationale
du CanadaCANADIAN THESES
ON MICROFICHETHÈSES CANADIENNES
SUR MICROFICHE

NAME OF AUTHOR/NOM DE L'AUTEUR Rolf Buschardt Christensen

TITLE OF THESIS/TITRE DE LA THÈSE DENMARK AND THE EUROPEAN COMMUNITY: RELATIONS VIS-A-VIS
GERMANY AND BRITAIN

UNIVERSITY/UNIVERSITÉ CARLETON UNIVERSITY

DEGREE FOR WHICH THESIS WAS PRESENTED/
GRADE POUR LEQUEL CETTE THÈSE FUT PRÉSENTÉE M.A. in International Affairs

YEAR THIS DEGREE CONFERRED/ANNÉE D'OBTENTION DE CE DEGRÉ 1979

NAME OF SUPERVISOR/NOM DU DIRECTEUR DE THÈSE Professor Thomas N. Brewis

Permission is hereby granted to the NATIONAL LIBRARY OF
CANADA to microfilm this thesis and to lend or sell copies
of the film.

The author reserves other publication rights, and neither the
thesis nor extensive extracts from it may be printed or other-
wise reproduced without the author's written permission.

*L'autorisation est, par la présente, accordée à la BIBLIOTHÈ-
QUE NATIONALE DU CANADA de microfilmer cette thèse et
de prêter ou de vendre des exemplaires du film.*

*L'auteur se réserve les autres droits de publication; ni la
thèse ni de longs extraits de celle-ci ne doivent être imprimés
ou autrement reproduits sans l'autorisation écrite de l'auteur.*

DATED/DATE February 28, 1979 SIGNED/SIGNÉ

Rolf Christensen

PERMANENT ADDRESS/RÉSIDENCE FIXE

Roy Christensen1605 - 1375 Prince of Wales DriveOttawa, Ontario K2C 3L5

National Library of Canada
Collections Development Branch

Canadian Theses on
Microfiche Service

Bibliothèque nationale du Canada
Direction du développement des collections

Service des thèses canadiennes
sur microfiche

NOTICE

The quality of this microfiche is heavily dependent upon the quality of the original thesis submitted for microfilming. Every effort has been made to ensure the highest quality of reproduction possible.

If pages are missing, contact the university which granted the degree.

Some pages may have indistinct print especially if the original pages were typed with a poor typewriter ribbon or if the university sent us a poor photocopy.

Previously copyrighted materials (journal articles, published tests, etc.) are not filmed.

Reproduction in full or in part of this film is governed by the Canadian Copyright Act, R.S.C. 1970, c. C-30. Please read the authorization forms which accompany this thesis.

**THIS DISSERTATION
HAS BEEN MICROFILMED
EXACTLY AS RECEIVED**

AVIS

La qualité de cette microfiche dépend grandement de la qualité de la thèse soumise au microfilmage. Nous avons tout fait pour assurer une qualité supérieure de reproduction.

S'il manque des pages, veuillez communiquer avec l'université qui a conféré le grade.

La qualité d'impression de certaines pages peut laisser à désirer, surtout si les pages originales ont été dactylographiées à l'aide d'un ruban usé ou si l'université nous a fait parvenir une photocopie de mauvaise qualité.

Les documents qui font déjà l'objet d'un droit d'auteur (articles de revue, examens publiés, etc.) ne sont pas microfilmés.

La reproduction, même partielle, de ce microfilm est soumise à la Loi canadienne sur le droit d'auteur, SRC 1970, c. C-30. Veuillez prendre connaissance des formules d'autorisation qui accompagnent cette thèse.

**LA THÈSE A ÉTÉ
MICROFILMÉE TELLE QUE
NOUS L'AVONS REÇUE**

Ottawa, Canada
K1A 0N4

DENMARK AND THE EUROPEAN COMMUNITY:

RELATIONS VIS-A-VIS GERMANY AND BRITAIN

C

by

Rolf Buschardt Christensen, B.A.

© January 1979 by Rolf Buschardt Christensen

A Thesis submitted to the Faculty of
Graduate Studies and Research in partial
fulfilment of the requirements for the degree of
Master of Arts
in International Affairs

The Norman Paterson School of International Affairs
Carleton University
Ottawa, Ontario
Canada

The undersigned hereby recommend to the Faculty of
Graduate Studies and Research acceptance of this thesis, submitted
by Rolf Buschardt Christensen, in partial fulfilment of the requirements
for the degree of Master of Arts.

John H. Sigler, Director
The Norman Paterson School of International Affairs

Thomas N. Brewis
Supervisor

ABSTRACT

As a small country on the periphery of European developments, Denmark has traditionally been dependent on the two core states of Britain and Germany. Bordering on Germany, Denmark has not been able to ignore German influence. Denmark's dependence upon a German core area has been largely proportional to the rise and fall of German political, military and economic power. In the economic and to a large extent in the cultural fields, however, Britain too has been a core area. Being dependent on both Britain and Germany, the division of Europe into two trade blocs, the European Community and EFTA, created a dilemma for Denmark. For economic as well as political reasons, Denmark decided to follow Britain, first into EFTA and then into the European Community.

This study claims that in her approach to European economic integration, Denmark followed Britain from 1945 until 1973, whereas after EC-membership in 1973, Denmark is now increasingly following the Federal Republic of Germany in economic and commercial matters. To verify this claim, this study examines Danish foreign trade, external monetary policy, agriculture, fisheries, the shipbuilding industry and the textile industry. In each case Denmark's position is compared to that of Britain and Germany in order to ascertain to what extent, as a member of the European Communities, Denmark is following Britain or indeed Germany.

ACKNOWLEDGEMENTS

I wish to thank those who have assisted me in the completion of this thesis. In gathering the material I received the valuable assistance of numerous Danish civil servants, politicians, professors and people in various Danish industries, interest groups and organizations. I am much indebted to all of them.

For reading all or parts of the manuscript I want to thank J. Ørstrøm Møller (Udenrigsministeriet), Anders Buch Kristensen (Landbrugsministeriet), Palle Nørregaard (Textilfabrikantforeningen), Ole Poulsen (Fiskeriministeriet), S.W. Lund (Skibsvaerftsforeningen), Professor Carsten Lehmann Sørensen and Professor Jørgen Elklit (both of the Institute of Political Science, Aarhus University), as well as Professor Toivo Miljan (Wilfrid Laurier University, Waterloo, Ontario). Their comments and criticisms were very constructive and helpful.

I would also like to thank the Head of the Delegation of the Commission of the European Communities in Ottawa, Mr. Curt Heidenreich, the Head of the Press and Information Office, Mr. Martin Mauthner, as well as the Delegation's librarian, Mrs. Michele Beaudoin.

I am particularly grateful to The School of International Affairs, Carleton University, specifically for the Study Tour to the E.C. Commission in Brussels in May 1977. Last but not least, I am grateful for the advice and encouragement offered by my thesis supervisor Professor Thomas N. Brewis and by my advisor Professor Bruce A. McFarlane.

TABLE OF CONTENTS

ACKNOWLEDGMENTS	iv
Chapter	
I. INTRODUCTION	1
II. DENMARK'S RELATIONS VIS-A-VIS GERMANY AND BRITAIN	30
III. DENMARK'S MARKET POLICY 1945-1973	44
IV. THE INTERNAL DIMENSION OF DENMARK'S MARKET POLICY	78
V. DEVELOPMENTS SINCE MEMBERSHIP IN 1973	119
Denmark's Foreign Trade (122)	
Denmark's External Monetary Policy (137)	
Agriculture (150)	
Fisheries (173)	
Shipbuilding (190)	
The Textile Industry and the Multi-Fibre Agreement (209)	
VI. CONCLUSION	227
SELECTED BIBLIOGRAPHY	239

LIST OF CHARTS

Chart	Page
1. Denmark's Foreign Policy Establishment	12
2. Denmark's Foreign Policy Opposition	13
3. Denmark's Agricultural Exports	73
4. Denmark's Industrial Exports	73
5. Composition of Danish Exports 1950-1970	74
6. Destination of Total Danish Exports	74
7. Elections to the Folketing	87
8. Political Party Attitudes towards EC Cooperation 1975-1976 .	95
9. Danish Public Opinion Regarding the European Communities . .	105
10. Denmark's Trade with Britain and Germany	128
11. Danish Exports to 11 Countries	129
12. Danish Imports from 11 Countries	130
13. Denmark's Trade Balance	131
14. Value of Danish Exports and Imports from Britain and Germany	132
15. Value of Agricultural and Industrial Exports	133
16. Denmark's Trade with the European Communities	134
17. Value of Danish Exports and Imports First Half 1978	135
18. Foreign Currency Exchange Rates	147
19. Origin of Bacon on the British Market	168
20. Danish Bacon Exports to Britain	169
21. Fish Catches in the European Communities	186
22. Share of Completed Ships in Percentages of World Total . . .	206
23. Textile Trade Balance	222
24. Comparison of Textile Tariffs	223

Chapter One: Introduction

This thesis seeks to contribute to a better understanding of the consequences of membership of the European Community for Denmark. As it is impossible to look at all consequences of membership, the focus of interest will be Denmark's considerations, responses and dependence on the immediate major powers. The aim is to reveal changes in Denmark's relations with Britain and Germany, brought about by membership in the European Community.

As a small country on the periphery of European developments, Denmark has traditionally been dependent on the core states of Britain and Germany.¹ Bordering on Germany, Denmark has not been able to ignore German influence.² Denmark's dependence upon a German core area has been largely proportional to the rise and fall of German economic, military and political power.³ However, in the economic and to a large extent in the cultural fields, Britain has also been a core area. The establishment of two trade blocs, the European Community and EFTA, thus created a dilemma for Denmark.⁴ Despite being the most anxious of "the reluctant Europeans", the Danes decided to follow Britain, who was also Denmark's largest export market.⁵

Before Britain and Denmark joined the Community, it was feared that they would form an Anglo-Danish bloc within the European Community, as they had both in the post-war period pursued a pragmatic intergovernmental approach to European cooperation, rejecting the continental European federalists' proposals for supranational integration.⁶ It will here be maintained that Britain and Denmark do not form a bloc within the Community,

on the contrary, they often have conflicting views, Denmark's policies in fact often coinciding with those of Germany. This study claims that before Denmark joined the European Community in 1973, Denmark followed Britain in her approach to European economic cooperation, whereas after EC-membership, she is now following Germany.

This investigation might be helpful in trying to evaluate and determine the consequences of integration, particularly for other applicant countries. These findings might be more applicable, however, to other developed countries such as Sweden or Switzerland, than to the three present applicants, Greece, Portugal and Spain, for both economic and political reasons.

Of significance as well, is the effect of customs unions on trade patterns, as the formation of a customs union will tend to have a trade creating and a trade diversifying effect.⁷ Further, not only the economic, but the political relations among states might be changed, creating new international power constellations. As other processes in politics, integration is concerned with power.⁸ The power constellations in Europe will therefore be affected by changes in the relations between two or more actors. 6

Much of the literature on Denmark's membership in the European Community focusses on the internal dimension: the attitudes of elites, political parties and organizations. This is probably due to the fact that the Danish opponents of EC-membership have not accepted the verdict rendered by the referendum. The political parties which were against Denmark's joining the E.C. remain opposed to continued membership. Meanwhile, external factors and the consequences of membership have received scant attention.

Denmark's relations vis-à-vis Germany and Britain might be explained by the concept of core areas. Rejecting the concept of a "balance of power" in studying integration, Karl Deutsch found that

the development of a strong core, or nucleus, seemed to promote integration if the core areas had certain capabilities. One was the capacity to act - a function of size, power, economic strength, and administrative efficiency. The other was the ability to respond to the other units involved. These core areas were larger, stronger, more advanced political units around which integration developed. By "advanced" we mean politically, administratively, economically, and educationally, without any implication of superiority in moral or aesthetic values. Furthermore, not only the existing capabilities, but the growth in those capabilities, seemed important.⁹

Such a core area would seem bound to attract weaker peripheral nations, who might expect to share the growth and progress of the core area. Once the core states of Germany, France and Italy had decided to integrate their economies, it was only natural that Britain in time would want to join.

Spain, France and Britain became unified or centralized countries a long time ago. They were each united by a federator, a core area, respectively Castile and Aragon, Ile de France and England. The Netherlands, Germany and Italy were united by respectively Holland, Prussia and Savoy and Piedmont. Unification was often attained by force, but sometimes it was voluntary, due to a common foreign fear or a marriage alliance. The federator usually consisted of one or two major regions or core areas, and the federator naturally had to have the ability and capability to enforce and maintain unification.

In the Nordic literature, the concept of core areas has been used to explain Nordic integration - or the lack of it.¹⁰ In turn, the concept of core areas has been applied in explaining the foreign policy of each of the Nordic countries. Thus Finland must take the Soviet Union into account in her foreign policy, while Denmark must take Germany into consideration in her foreign policy. The Nordic countries are therefore seen as an area in which the interests of the great powers overlap. In their foreign policy, the Nordic countries must therefore take into account the "Nordic Balance", a concept which may be regarded as the conceptual framework used by the Nordic countries to evaluate the possible effects of one country's actions on others, as well as their feedback effects, which can be extra-regional.¹¹ Structurally, the Nordic Balance is predicated on Swedish neutrality as a cornerstone surrounded by a precarious Finnish neutrality conditioned by the Soviet Union, and a low level NATO commitment by Denmark and Norway.¹² For instance, Denmark and Norway have kept a low profile within NATO, refusing to accept foreign bases, troops or nuclear weapons on their soil, in order not to provoke Soviet moves vis-à-vis Finland. On the other hand, if the Soviet Union began to pursue a much harsher policy towards Finland, she might drive Denmark and Norway further into the NATO alliance. Similarly, in the economic field, Finland is hindered from joining the European Community, in fact Finland did not even see herself able to join the proposed Nordic Common Market NORDEK, as it was viewed as a first step towards committing Sweden and Finland to a more Western oriented policy, particularly when it became clear that Denmark continued to insist on the compatibility between the formation of NORDEK and her joining the European Community.¹³

One characteristic feature of the concept of a Nordic Balance is that changes are imposed by external factors whereby the Nordic countries must adapt to new constellations of power in Europe. The foreign policies of the Nordic countries are thus expressions of a conscious and active policy of adaptation.¹⁴ When there has been a choice between either establishing a Nordic organization for cooperation or participating in a wider Western project for cooperation, then the latter has usually shown itself to have the greatest force. On the other hand, every time stronger ties have been created between certain Nordic countries and a larger Western organization, a strengthening of internal Nordic cooperation has often followed, almost as a precautionary measure to ensure against common Nordic values being impaired by participation in a wider Western grouping.¹⁵ This predominant sequence of events demonstrates the characteristic feature of adaptation in foreign policy, while it also shows the Nordic countries' desire to maintain a Nordic Balance.

The Nordic area "may be regarded as a thinned-out zone, an area of reduced tensions and an example of partial disengagement."¹⁶ Externally it means that the level of involvement by the great powers has been limited, that is, the interests of the great powers have been primarily military, not political and ideological. Internally it means that the Nordic countries have been able to find a balance within which they can pursue cooperative endeavours. The Nordic area can thus, as Karl Deutsch believes, be seen as a security community, the recourse to armed force for settling internal disputes being out of the question. Nevertheless, the Nordic area has not been able to become a security community marked

by external solidarity, the overlapping interests of the extra-regional powers being too great.¹⁷ Nils Ørvik doubts whether 'security community' may serve as a tool of analysis for integrated regional behaviour in the Nordic area.¹⁸ Ørvik maintains that the conflicting centres of power outside the region will determine the basic direction of Nordic integration, and they have so far found it in their interests to maintain a disintegrated four-state area. In fact, Ørvik maintains that over the past two centuries the trend in the North has been towards disintegration, not integration, Denmark's joining the European Community just being one case in point.

C. Northcote Parkinson holds that Scandinavia¹⁹ is a nation which was never united.¹⁹ He sees each Scandinavian country as a province or region of the Scandinavian nation, a nation which was never united, or which is not united today.

Scandinavia, however, was once united. From 1397 to 1523, Scandinavia was united in the Kalmar Union under the Danish crown, a union which also included Iceland and Finland. Due partly to the way Denmark tried to subdue the Swedes (The Bloodbath of Stockholm, 1520), Sweden broke away from the Union. By 1660, Sweden had emerged as the strongest Nordic country and she was able to defeat Denmark in the Second Swedish War (1658-1660). Scandinavia would then have been united under the Swedish crown had it not been for the fact that the major European powers intervened and imposed a settlement. Before the war, Denmark had controlled the entrance to the Baltic Sea as Scandia was a part of Denmark. According to the peace treaty, however, Sweden did not get all of Denmark, which had been the Swedish war objective, but Scandia, the

southern tip of today's Sweden. Thus neither Denmark nor Sweden was allowed to solely control the entrance to the Baltic Sea, they had to share this responsibility. The major European powers intervened and insured that Scandinavia was not united. Furthermore, with the rise of nationalism in the nineteenth century, each Scandinavian region further developed its own identity and nationalism.

Nevertheless, from the outside, Sweden seems to form a natural core area for the Nordic countries.²⁰ To many Scandinavians as well, Sweden is the ideal country: it is neutral, independent, Nordic, a democratic welfare state, and it has a high living standard. Economically, militarily and in most other fields of political significance, Sweden is more powerful and advanced, clearly ahead of the other Nordic countries. Sweden should therefore be able to attract the other weaker states, particularly Norway and Denmark. However, Sweden has had to compete with extra-regional core areas, namely Russia, Germany and Britain. The Nordic alternative has never been the only one or even a credible one; Swedish capabilities have proved inferior, too small and too weak. Finland has to take her relations with the Soviet Union into consideration, while Norway has often looked to Britain, examples are NATO, EFTA and to some extent the Norwegian EC-application.

Denmark's case is more complex. Geographically, Denmark is a part of the European continent and not the Scandinavian peninsula. Moreover, she controls the entrance to the Baltic Sea. Denmark has traditionally been dependent on the balance of power on the continent.²¹ Further, Denmark has always feared invasions from the south. The Dannevirke ramparts in Slesvig withstood attacks by Charlemagne and the Saxons, but for the most

part, southern Jutland has been the weakest link in Danish defence. During the Napoleonic Wars, Denmark sided with France, despite British sympathies, because Denmark feared a French invasion from the south - by land. Instead the British came, by sea, bombarded Copenhagen and sailed away with the Danish fleet, but Denmark was saved from an invasion and subsequent occupation.

The wars against Holstein and Prussia in 1848-50 and 1864 were fought on land - in southern Jutland. Denmark incidentally won the battles at sea. Since 1864, however, when Bismarck defeated the Danish Army, took Slesvig-Holstein and subsequently established the Second Reich, Danish governments have not been able to ignore Germany, henceforth a united and industrial power. Denmark's dependence upon Germany has been largely proportional to the rise and fall of German power. This was clearly demonstrated before and during World War I and World War II. In August 1914, Denmark closed the entrance to the Baltic Sea - a pro-German action.²² But the British Navy never tried to enter the Baltic and Denmark was not invaded from the south. Again in World War II, Denmark tried to remain neutral and to appease her southern neighbour. As Denmark had disarmed in the 1930's, however, it meant that Germany had a weak northern flank and it was thus necessary for Germany to occupy Denmark to insure that no British invasion would come through Denmark. As Britain has never been able nor willing to provide security for Denmark, German predominance becomes unavoidable with the rise of German power.²³

Of the Nordic countries, Denmark is the most continental, not only geographically, but in terms of trade and foreign policy orientation in general, not to mention her relations vis-à-vis Germany.²⁴ As a periphery

nation being dependent on Germany as a core area, Denmark has traditionally acted as a bridge between the continent and the Nordic countries. Denmark is practically destined to play this role.²⁵

Even though Britain has not been a core area for Denmark in regard to the military, security and defence fields, Britain is definitely a core area in the economic and cultural fields. From the 1880's and until EC-membership, Britain was Denmark's most important export market. In the post-war period, Denmark followed Britain's approach to European economic cooperation, following Britain into EFTA and later into the European Community.

If Britain and Germany, Denmark's two core areas, decide to create closer links in the form of a customs union or common market, we could then expect them automatically to pull Denmark with them into this new and more powerful core area. Once Britain decided to join the European Community, then Denmark too would have to join. As a member of the European Community, along with Britain, we could then expect Denmark's dependence on this core area to increase, particularly her dependence on Germany.

As the monetary and commercial centre of the Community, the Federal Republic of Germany has emerged as the core area of Western Europe. The post-war weakening of British influence and the simultaneous rise of Germany as the economic power house of Western Europe, reinforced by Germany's prominence as the strongest military power in Western Europe, has meant that economic leadership has fallen upon Germany. If we try to discover which other member-state is the most important trading partner for all The Nine, we will find that Germany is the most important trading partner for all the member-states, except Ireland. Germany has emerged as

the economic hub of the Community. In regard to the concept of core areas then, we might expect that if German power increases, then Denmark's dependence on Germany as a core area will increase accordingly. This increasing dependence on Germany as a core area will be accelerated if at the same time British capabilities to act and abilities to respond to the other units stagnate or diminish.

In the post-war period there have been two major foreign policy shifts or even crises in Denmark - crises in the sense that fundamental shifts in traditional foreign policy had to be accommodated, first in the security field, to the new world order of the two superpowers, and then secondly, to the liberalization of trade with the subsequent economic integration of Western Europe.²⁶ Denmark, traditionally a neutral and Nordic country, has due to external factors been forced to abandon her neutrality and Nordic orientation. The problem of security and defence was satisfied by joining NATO, giving Denmark an Atlantic security orientation, while her economic and commercial problems were partly solved by joining EFTA, and later more fully by joining the European Community, thus reinforcing an already significant European trade and commercial orientation.

Since the arguments for and against joining both NATO and the EC were similar, it is useful to look at these decisions within the greater context of Danish foreign policy in general.²⁷ For the past three decades Danish foreign policy may be said to have had three objectives: security objectives, economic objectives, and cultural objectives; and four orientations which will be termed: Atlantic, European, Nordic and

Universalist.²⁸ The three objectives, security, the economic and the cultural, do not share the same orientation. Denmark has not pursued her security, economic or cultural objectives within a strictly European or even solely Nordic orientation. National security has been sought within an Atlantic orientation; economic objectives have been sought within a European framework, namely EFTA and later the EC, while Denmark's cultural orientation has remained primarily Nordic. If Denmark's three foreign policy objectives had all been Nordic or European, then we could say that Denmark had perceived herself as either Nordic or European, but this is not the case, all three foreign policy objectives have been sought within a different framework or orientation.

There has been a consensus about the three Danish foreign policy objectives, while there has been strong disagreement as to the orientation through which these objectives should be pursued. That is to say, the Danish foreign policy establishment has more or less been in agreement on the orientations, whereas the foreign policy opposition does not agree with these orientations. (see Charts 1 and 2).

The basic difference between the establishment and opposition approaches to foreign policy is perhaps best expressed by the terms 'realist' and 'idealist'.²⁹ Beginning with the British raid on Copenhagen in 1807, the loss of Norway in 1814, the Slesvig Wars in 1848-50, the loss of Slesvig-Holstein in 1864, the Weimar Republic's refusal to recognize the return of Northern Slesvig in 1920, and then the Nazi occupation in 1940, the Danish establishment has learned the hard way to follow a realistic foreign policy. Idealism in foreign policy is a luxury Denmark can little afford. Danish history has given the Danes

Chart 1. Denmark's Foreign Policy Establishment

O R I E N T A T I O N S

	Atlantic	European	Nordic	Universalist
Security	<u>PRIMARY</u> preference	Complements Atlantic	REJECT	Complements Atlantic
Economic	Complements European	<u>PRIMARY</u> preference	Complements European	Complements European
Cultural	Complements Nordic	Complements Nordic	<u>PRIMARY</u> preference	Complements Nordic

O B J E C T I V E S

Chart 2. Denmark's Foreign Policy Opposition

O R I E N T A T I O N S

	Atlantic	European	Nordic	Universalist
Security	REJECT	REJECT	desired alternative to Universalist	ultimate preference
Economic	REJECT	REJECT	desired in conjunction with Universalist	ultimate preference
Cultural	REJECT	REJECT	<u>PRIMARY</u> preference	ultimate preference

S E A I I C E P R O

considerable experience in what Erling Bjøl calls the 'politics of impotence', a policy which was clearly demonstrated by, for instance, the practically unopposed German occupation of Denmark in 1940.³⁰

From the 1870's and until Denmark joined NATO in 1949, Denmark followed what Bjøl describes as a 'pilot fish course'.³¹ Without being a German client state, Denmark would, like the pilot fish, naucrates ductor, follow the German shark so closely that Denmark avoided being seen by the shark.³² By using the concept 'pilot fish course', Bjøl tries to convey the basic idea that in foreign affairs Denmark as a small fish attempted to avoid any provocation of the German shark.³³ Denmark's foreign policy was thus based on the 'necessity of state and reason of state', or as it was referred to in Denmark, 'the European necessity'. It meant that Denmark adopted a foreign policy of nonalignment which can best be described by the word 'adaptation', in contrast to Sweden whose foreign policy of nonalignment has been much more rigid and sacred.³⁴ Denmark's adaptive behaviour to external factors can be seen in her decision to join NATO as well as later the European Community.

In the Nordic area, particularly in Denmark, Nordic idealism has invariably collided with the hard facts of power constellations and extra-regional bonds.³⁵ The realist view has been most eloquently expressed by a practitioner, Erik Scavenius, who was Foreign Minister of Denmark 1913-20 and 1940-43:

It is a widely held view in this country that the foreign policy of Denmark is determined by the Danish government and parliament. This, however, is correct only insofar as the formal decisions through which this policy is given expression appear as decisions.

of these organs. In reality, Danish foreign policy is determined by factors on which the Danish government has little influence. The main task of Danish foreign policy, therefore, is to keep informed about these factors and their interplay and in this connection to form an opinion of the right moment to exploit the prevailing situation to further Denmark's interests. Decisive among the factors whose interplay determines Danish foreign policy are the actual power relations in the world around us, especially the balance of power between the Great Powers next to us. Danish foreign policy must therefore, regardless of our wishes and hopes, necessarily always be determined by Denmark's position among the Great Powers.³⁶

As Toivo Miljan writes, this realist position does not exclude an appreciation, or even an emotional preference for the idealist position.³⁷ The reverse, however, does not hold true. The idealist tends consistently to damn the realist. While the establishment considers all four orientations through which the external objectives are pursued to be complementary to a primary preferred position, the foreign policy opposition, on the contrary, considers the Atlantic and European orientations to be incompatible with their preferred Nordic and Universalist orientations. Whereas the establishment considers certain orientations more realistic for achieving specific goals than other orientations, other orientations are not excluded, and nearly all are considered mutually supportive.³⁸

Former Foreign Minister Per Haekkerup has written about the 'four cornerstones' of Danish foreign policy, namely, cooperation among the Nordic countries, membership in the EC, membership in NATO, and finally membership in the United Nations.³⁹ These four cornerstones correspond to the four orientations developed by Peter Hansen and Toivo Miljan, who nevertheless proceed further and break down foreign policy into three objectives: security, the economic and the cultural. Thus we can readily see that these three objectives do not have the same orientation, or conversely, the four cornerstones of Danish foreign policy embody different objectives.

From the emphasis of foreign economic relations and more recently Denmark's Market Policy regarding European economic cooperation, one could easily get the impression that there is an "economic primacy" in Danish foreign policy. This might be due to the tradition of the 'policy of impotence' in security matters, which probably has its roots in the traumatic experiences of 1864. After this time, Denmark followed a flexible or adaptive foreign policy of nonalignment, concentrating on economic development and trade. Once Denmark's security had been insured within NATO after World War II, Denmark again concentrated her efforts on the economic aspects of foreign policy. As Denmark is not militarily threatened by Germany or Britain, her most important relations with them have invariably become trade.

It could be argued that national security, and not trade and economics, is the primary goal of foreign policy. The question is whether survival is an economic or a security problem. It is of course both.

In his thesis on Peter Munch, who was the Danish Minister of Foreign Affairs from 1929 to 1940, Ole Karup Pedersen stresses the importance of foreign trade problems in Danish foreign policy. Pedersen concludes that besides their security problem, "small states have a problem of survival in their trade policy, which under most circumstances and during the longest periods appear far more important than their security problem."⁴⁰ Reaching this conclusion would not be difficult as Foreign Minister Munch, one of the founders and leader of the Radical Party, was a pacifist. Prime Minister Stauning concerned himself with domestic affairs, leaving foreign affairs to Munch, who was also able to exert

influence on the Minister of Defence. Further, during the 1930's, Denmark had to face grave economic problems, including trade problems with Germany and Britain.

In his thesis, Ole Karup Pedersen divides the interests of states into three categories: security, trade and normative interests. In his summary he concludes that, "it is established that P. Munch's theory of action was, in any event, original and noteworthy by reason of its rejection of military means and conversely, its adoption of a policy of neutrality to secure the existence of the state." "Denmark's neutrality in the event of war between the Great Powers was primarily intended to protect her trade interests."⁴¹

Meanwhile, Niels Amstrup sees Danish foreign policy as an adaptive process where external factors play a decisive role upon which Denmark has little influence.⁴² Denmark must adapt herself to the foreign environment, her foreign policy being a compromise between external factors and domestic interests.

Niels Amstrup, using the same typology as Ole Karup Pedersen, states that security and trade are the two most important aspects of foreign policy. He then asks, "What is the relationship between security goals and trade goals?". His reply is that security goals were originally given the highest priority by political scientists. However, he sees the military dimension in foreign policy as having diminished, while the economic goals have become much more prominent. This is due to the fact that trade has increased, economies have become interdependent and because economic goals have a domestic dimension. To Niels Amstrup, "it is clear, that the idea of security policy being the most important foreign policy goal cannot be maintained."⁴³

Toivo Miljan holds that Denmark "has a minimalist position on the question of security, which furthermore occupies an implicit and covert position, rather than a central and public one,"⁴⁴ while once Britain decided to join the European Community, Denmark's "economic considerations dictated ever more insistently the necessity of full membership of the EEC."⁴⁵ According to Miljan, "Denmark did not become a member of the EEC for idealistic or political reasons but because pragmatic economic considerations left no alternative,"⁴⁶ yet Denmark regards herself "as politically and socially an integral part of the Nordic group and a member of the EEC for economic reasons only."⁴⁷ Miljan maintains that the Nordic countries' desire to conserve the nation in the form of a sovereign independent nation-state has produced not only reluctant Europeans, but reluctant Nordics, the Danes, however, being the least reluctant integrationists.

According to various opinion polls, if a referendum on Community membership were held in Denmark today, a majority of Danes would vote against EC-membership.⁴⁸ In fact, opposition to membership started to increase during the negotiations between Denmark and the Community in late 1970, and opposition has continued to steadily increase after membership. In other words, while trade and economic dependency on the European Community has increased, the opposition to membership has also increased. So whereas the Community attracted Denmark economically, general public opinion and public political evaluations of the benefits of membership have increasingly become more negative. It is also interesting to note that most Danish politicians will speak of cooperation, seldom integration, a word which has fearful connotations in Denmark.⁴⁹

It is doubtful, however, whether it is possible to maintain such a clear distinction between politics and economics, as Miljan does, since joining the European Community is certainly also a political act. Carsten Lehmann Sørensen claims that there is a large majority in the Danish Parliament who favour extensive integration within the European Community.⁵⁰ In another study he states that, "it can safely be concluded that the very positive Danish elite attitudes towards EC membership and European integration in general were motivated by economic considerations more than anything else. This statement can be explained perfectly, fully and rationally by reference to Denmark's position in international and European politics."⁵¹ The difference in Toivo Miljan and Carsten Lehmann Sørensen's interpretations is probably best explained by the split between the Danish establishment and Danish public opinion regarding attitudes towards Europe, particularly EC-membership, each of the two authors focussing on one specific group.

Erling Bjøl sees Danish Europapolitik as self-contradictory, as on the one hand, Denmark is constantly voicing ideological reservations regarding 'federalist integration', while on the other hand, Denmark is continually pressing for further cooperation, because it serves her elementary national interests.⁵² Due to Denmark's eagerness in establishing various common policies, Bjøl sees Denmark as being in possession of a considerable amount of 'integration zeal' (integrationsiver). Bjøl singles out Britain and France as the two member-states who have the greatest reservations in regard to further integration, both ideologically and in terms of concrete policies. When Denmark is promoting further economic cooperation, she is therefore likely to clash

with either Britain or France. Bjøl further holds that the European Community has created a framework for multilateral cooperation, within which Denmark attempts to promote further cooperation, naturally in her own interest. Denmark will therefore align herself with any other member-state which shares her basic objectives in foreign economic policy.

The economic structure of Denmark is characterized by certain traits which are of crucial significance for economic relations with other countries. Firstly, Denmark has few raw materials or energy resources. In order to export, she must first of all import the raw materials. Since both industry and agriculture are dependent on imports, a major goal becomes securing supplies as well as markets. Secondly, due to the high level of external trade, foreign commercial policies and the state of the world economy have far reaching consequences for the Danish economy. Denmark is therefore very vulnerable. Thirdly, a large proportion of Danish exports are agricultural products. Industrialization aside, agriculture's share of total exports has been diminishing over the last decades, not because Danish agriculture has not been competitive, but because of the protectionistic agricultural policies of most other countries. As a consequence, Denmark has faced great difficulties in exporting her agricultural products. Fourthly, Denmark's two most important export markets have been Britain and Germany, especially for agricultural products. It has therefore been in the interest of Denmark to try to avoid these markets being closed, or separated, either by protectionistic measures, in time of war, or by them joining different trading blocs.

Given this economic structure, the objectives of Danish foreign economic policy can be said to be (1) liberalizing international trade, including agriculture; (2) securing stable marketing conditions, especially for agricultural exports; and (3) preventing the European market from being divided into different trade blocs. If the national security dimension is introduced, then a fourth economic objective could be added: (4) preventing international economic cooperation which would restrict other aspects of Danish foreign policy, for instance, Nordic cooperation or NATO membership.⁵³

According to Gunnar P. Nielsson, these objectives were very similar to the ones pursued by Britain and they thus help explain why Denmark followed Britain in her approach to European economic cooperation in the post-war period.⁵⁴ In addition, Denmark, as Britain, had reservations regarding economic cooperation which involved a substantial political commitment, as was the case for the countries who created the European Community. However, when Britain reversed her policy and sought membership in the European Community, Denmark immediately followed suit. Membership of the EC along with Britain would mean that Denmark's two largest markets would be united. For Denmark, membership would also entail a liberalizing of European trade, a securing of stable marketing conditions and a bringing closer together of the two trade blocs EFTA and the EC.

Given that Denmark pursues the same economic objectives within the European Community, we would expect her to pursue a liberal commercial policy, fighting protectionistic measures, whether it be in the textile or shipbuilding sector, both of which have been severely affected during

the current economic recession. Further, we would expect Denmark to attempt to secure stable marketing conditions, be it in the agricultural or monetary field.

In response to the European challenge, that is the movement towards European economic integration, Denmark had to formulate a policy. For Denmark there was the British market, the German market, the Nordic market and subsequently with the creation of the European Economic Community, the Common Market. The ideal situation for Denmark would be to have all these markets united in one single market, including agriculture. This was the aim of Denmark's Market Policy (markedspolitik). The concept Market Policy probably derived from the combination of the words export markets and the Common Market. This paper will hereafter use the term Market Policy, which may be defined as the course of action adopted towards European economic cooperation.⁵⁵

According to Karl Deutsch, a core area must possess the power to act as well as have the ability to respond to the needs of the other units involved. In order to verify the claim advanced in this present study, we would expect to find that Germany has the capability as well as the ability to respond to the objectives of Denmark's Market Policy as pursued within the European Community. In other words, we would expect Denmark to align herself with Germany.

To ascertain this claim, Chapter II will briefly examine Denmark's traditional relations with Germany and Britain. Chapter III will investigate Denmark's policies toward European economic cooperation in the post-war period, delineating Denmark's position and responses to the various proposals for closer economic cooperation in Europe.

Chapter IV looks at the internal dimension of Denmark's Market Policy. This level of analysis will tell us something about the domestic aspect of Denmark's Market Policy, revealing support for and opposition to official government policy. Finally, it is necessary to investigate some of the Danish policies pursued within the European Community, comparing them to the policies pursued by Germany and Britain. To discover if there has been a shift from Britain to Germany in Denmark's Market Policy, Chapter V will examine six vital sectors: foreign trade, external monetary policy, agriculture, fisheries, the textile industry and the shipbuilding industry.

An important indicator of economic interdependence and change is trade flows, especially for a country highly dependent on foreign trade. The first of the six sector studies will therefore look at Danish trade patterns before and after EC-membership, in order to reveal what effects membership has had on Denmark's trade with her major trading partners. Joining a customs union with a common external tariff is bound to affect the trade pattern of a new small member of the union.

The second sector study will examine Denmark's external monetary policy in order to discover the Danish krone's currency of reference as well as the Danish government's policies towards monetary cooperation within the Snake, fixed exchange rates and the proposed Economic and Monetary Union. Monetary policy is of crucial importance, not only because of the economic implications, but because of the political ramifications.

Since the agricultural sector plays an extremely important role in the Danish economy, the third study looks at agriculture. Britain

and Germany are Denmark's two largest export markets for agricultural products. This sector study will delineate Denmark's position in regard to the present functioning of the Common Agricultural Policy, with reference to the positions adopted by Britain and Germany.

With the United Nations Law of the Sea Conference, the imposition of 200-mile zones and the need for conservation measures, it has become imperative to implement a common fisheries scheme within the Community. One of the most heated disputes among The Nine has been fisheries, where it has, until the end of 1978, proven impossible to adopt a Common Fisheries Policy. Since Denmark is the largest fish exporter and the largest fishing nation of The Nine, the fourth sector study looks at fisheries policy and Denmark's position compared to Britain and Germany.

During the current economic recession various Community industries have been severely affected, especially the steel, shipbuilding and textile industries. Various so-called crisis measures have therefore been adopted by the Council. What were Denmark's responses to the crises in these sectors? The fifth sector study investigates the crisis in the shipbuilding industry, which is of considerable importance to Denmark and which in Denmark is related to the steel industry.

The sixth sector study examines the textile industry, particularly the position taken by the Danish government in regard to renewing the international Multi-Fibre Textile Agreement, comparing it with the positions taken by Germany and Britain.

These six sector studies, focussing on developments after membership of the European Community in 1973, should tell us something about

Denmark's relations vis-à-vis Germany and Britain. The aim has not only been to ascertain if Denmark is now in fact following Germany instead of Britain, but also to discover why this might be the case, wherefore in each of the six sector studies there are attempts to explain Denmark's position in reference to the positions adopted by Germany and Britain.

From what has already been said in this introduction, we will note that the primary focus of this paper is on economic factors, while references have also been made to security and social matters. One question that arises is why there is in Denmark a divergence between economic and social factors. There seems to be a certain correlation between increasing economic dependence on the European Community and increasing public opposition to membership as revealed in public opinion polls. This phenomenon might be explained by Peter Hansen and Toivo Miljan's diagrams on pages 12 and 13, where economic and cultural objectives are not pursued through the same orientation, one being European, the other Nordic. Economically, Europe is the core area for Denmark, while culturally, the North is an important core area. One might say that Denmark is torn between core areas, a conflict that continues to be fought between realists and idealists. This paper concentrates on Denmark's objectives as pursued by the realists within the framework of European economic cooperation, in order to reveal some of the consequences of this policy.

Chapter One: Introduction

References and Notes

1. Nils Ørvik, "Integration - For Whom, Against Whom?", Cooperation and Conflict, No. 2, 1967, pp. 56-57.
2. Erling Bjøl, "Foreign Policy-Making in Denmark", Cooperation and Conflict, No. 11, 1966, pp. 2-4.
3. Ørvik, "Integration - For Whom, Against Whom?", p. 57.
4. Gunnar Preben Nielsson, "Denmark and European Integration: A Small Country at the Crossroads". Unpublished Ph.D. dissertation, University of California, Los Angeles, 1966, University Microfilms, Ann Arbor, Michigan, p. IX.
5. Toivo Miljan, The Reluctant Europeans. The Attitudes of the Nordic Countries towards European Integration, Montreal, McGill-Queen's University Press, 1977, pp. 161-165.
6. Ibid., p. 175.
7. see James Arthur Merrill, "The Effect of the European Economic Community on Trade with Denmark". Unpublished Ph.D. dissertation, Columbia University, New York, 1976, University Microfilms, Ann Arbor, Michigan.
8. Johan Galtung, The European Community: A Superpower in the Making Oslo, Universitetsforlaget, 1973, Chapter I and III.
9. Karl W. Deutsch et al., Political Community and the North Atlantic Area, Princeton, N.J., Princeton University Press, 1957, p. 138.
10. Martin Saeter, "The Nordic Area and European Integration", Cooperation and Conflict, No. 1/2, 1975, p. 77; Johan Jørgen Holst, "Five Roads to Nordic Security", Cooperation and Conflict, No. 3/4, 1972, p. 1.
11. Arne Olav Brundtland, "The Nordic Balance", Cooperation and Conflict, No. 11, 1966, p. 30.
12. Gunnar P. Nielsson, "The Nordic and the Continental European Dimensions in Scandinavian Integration", Cooperation and Conflict, No. 1, 1971, p. 178.
13. Grete Kvaerner Ueland, "The Nordic Debate", Cooperation and Conflict, No. 1/2, 1975, p. 18; Gunnar P. Nielsson, "The Nordic and the Continental European Dimensions in Scandinavian Integration", p. 174.

14. Martin Saeter, "The Nordic Area and European Integration", p. 75.
15. Ibid., p. 78; Nils Andrén, "Nordic Integration", Cooperation and Conflict, No. 1, 1967, pp. 14-15.
16. Arne Olav Brundtland, "The Nordic Balance", p. 30.
17. Nils Andrén, "Nordic Integration", p. 22.
18. Ørvik, "Integration - For Whom, Against Whom?", p. 58.
19. see C. Northcote Parkinson, "The Role of the Provinces in Europe of the Future". Opening address to the conference on Regionalism and Decentralization held at Elsinore, Denmark, August 1-6, 1976. (Mimeographed).
20. Ørvik, "Integration - For Whom, Against Whom?", p. 56.
21. Bjøl, "Foreign Policy-Making in Denmark", p. 1; see also Nikolaj Petersen, "Danish Security Policy in the Seventies: Continuity or Change?", Cooperation and Conflict, No. 3/4, 1972.
22. see Hans Branner, Smaastat mellem Stormagter, Copenhagen, Munksgaard, 1972.
23. Ørvik, "Integration - For Whom, Against Whom?", p. 57.
24. Arild Underdal, "Diverging Roads to Europe", Cooperation and Conflict, No. 1/2, 1975, pp. 73-74.
25. Niels Amstrup and Carsten Lehmann Sørensen, "Denmark - Bridge between the Nordic Countries and the European Communities?", Cooperation and Conflict, No. 1/2, 1975, p. 21.
26. Miljan, The Reluctant Europeans, p. 156.
27. Ibid., pp. 156-157.
28. see Peter Hansen, "Die Formulierung der dänischen Europapolitik", Osterreichische Zeitschrift für Aussenpolitik Vol. 13, No. 1, 1973; Peter Hansen, "Adaptive Behavior of Small States: The Case of Denmark and the European Community" in Sage International Yearbook of Foreign Policy Studies Vol. II, 1973, pp. 143-174; Miljan, The Reluctant Europeans, pp. 157-158; Nikolaj Petersen, "Europeanism and its Foreign Policy Attitude Correlates: A Political Belief System", Cooperation and Conflict, No. 3, 1975, p. 143.
29. Bjøl, "Foreign Policy-Making in Denmark", pp. 2-4; Andrén, "Nordic Integration", pp. 8-9; Miljan, The Reluctant Europeans, p. 159.

30. Bjøl, "Foreign Policy-Making in Denmark", p. 1.
31. Ibid., p. 4.
32. Erling Bjøl, Udenrigspolitik, Copenhagen, Berlingske, 1973, pp. 154-155.
33. "The pilot fish, naucrates ductor, often follows a shark and lives off its left-overs. It sticks so close to the shark that it avoids being seen" in Erling Bjøl, "Foreign Policy-Making in Denmark", p. 4.
34. Miljan, The Reluctant Europeans, p. 7; Saeter, "The Nordic Area and European Integration", p. 75; see also Peter Hansen, "Adaptive Behavior of Small States: The Case of Denmark and the European Community".
35. Holst, "Five Roads to Nordic Security", p. 1.
36. Erik Scavenius, Forhandlingspolitikken under Besaettelsen, Copenhagen, Steen Hasselbalchs Forlag, 1948, p. 9.
37. Miljan, The Reluctant Europeans, p. 160.
38. Ibid., p. 160.
39. Per Haekkerup, Danmarks Udenrigspolitik, Copenhagen, Fremad, 1965, pp. 45-46; Foreign Minister Knud Børge Andersen also writes about these four cornerstones in his article, "Danmark - Norden - EF. Forventninger og virkelighed", Nordisk Kontakt Vol. 8, May 9, 1978, p. 461.
40. Ole Karup Pedersen, Udenrigsminister P. Munchs opfattelse af Danmarks stilling i international politik, Copenhagen, G.E.C. Gads Forlag, 1970, p. 597.
41. Ibid., pp. 640-641.
42. Niels Amstrup, Dansk Udenrigspolitik, Copenhagen, Gyldendal, 1975, p. 13.
43. Ibid., p. 12.
44. Miljan, The Reluctant Europeans, p. 6.
45. Ibid., p. 9.
46. Ibid., p. 279.
47. Ibid., p. 274.
48. see the Danish Gallup Institute's public opinion polls in my chapter "The Internal Dimension of Denmark's Market Policy", p. 105.

49. see Danish Foreign Minister Knud Børge Andersen, "The EC Presidency", European Community (Washington, D.C.), July-August 1978, pp. 59-60 where he uses the word cooperation throughout, in the opening sentence alone, three times. The word cooperation (samarbejde) has a favourable connotation in Denmark, whereas integration does not. This might be explained by the fact that integration is a foreign loan word and that "'Integration is distinguished from 'cooperation' by the fact that participants in integration must delegate a portion of their national sovereignty to a body with supranational powers" in F. Roy Willis (Ed.), European Integration, New York, New Viewpoints, 1975, p. IX.
50. Carsten Lehmann Sørensen, "Stort flertal i Folketinget for vidtgaaende europaeisk integration", europa, No. 6, June 1976, pp. 10-11; Karen Siune and Carsten Lehmann Sørensen, "Is the Theory of European Integration Dead or Alive? The Case of Danish Political Parties". Paper prepared for discussion at the European Consortium for Political Research in Louvain, April 1976. (Mimeographed).
51. Carsten Lehmann Sørensen, "Danish Elite Attitudes towards European Integration", Cooperation and Conflict, No. 4, 1976, p. 276.
52. Erling Bjørkl, "Krisen har bevirket, at Europa nu staar ved en ny skillevej", europa, No. 10, December 1975, pp. 14-15.
53. Amstrup, Dansk Udenrigspolitik, pp. 63-64.
54. Nielsson, "Denmark and European Integration: A Small Country at the Crossroads", p. X and p. 271.
55. Ibid., p. 69; Miljan, The Reluctant Europeans, pp. 5-6; Bodil Nyboe Andersen, Udenrigsøkonomi, Copenhagen, Akademisk Forlag, 1976, pp. 1-2.

Chapter Two: Denmark's Relations vis-à-vis Germany and Britain

This chapter gives a brief historical description of Denmark's relations vis-à-vis Germany and Britain, explaining Denmark's dependency on these two countries. This chapter thus focusses on the claim advanced in this thesis, before dealing more specifically with Denmark's Market Policy in the next chapter.

The Kingdom of Denmark was created by Viking chieftains at the great junction of the northern seas, in the region of transit between north and south, east and west. The twin pillars of this maritime realm were the continental peninsula of Jutland in the west and the island of Zealand together with Scandia, the southern part of the Scandinavian peninsula, in the east. It was primarily a maritime kingdom held together by the fleet.

Very early Denmark became a trading nation and a bridge between the Baltic and the Atlantic, as well as the Continent and the Scandinavian peninsula. She became at once a Baltic and an Atlantic power as she expanded and established foreign bases.

During the Viking period, Danish ships sailed far and wide. For a short period King Canute ruled over England and southern Norway. Holstein came under the Danish crown in 1201, Estonia in 1219, and in 1390, Norway which included the Faeroe Islands, Iceland and Greenland. Finally in 1397, Sweden including a large part of Finland, came under the Danish crown. The North was united.

Except for a few small colonies later acquired in the Caribbean, Africa and Asia, particularly in India, the period of territorial expansion in northern Europe lasted until about 1600, after which time followed

a struggle to preserve the national territory against expanding rivals. First Sweden broke away, later taking Scandia in 1658 and Norway in 1814. In 1864, Prussia annexed Slesvig and Holstein. Iceland became independent in 1944, while the Faeroe Islands and Greenland remain a part of the Danish realm.

The period of expansion has had significant consequences for developments in Denmark. Particularly trade and shipping have remained important, and Denmark has continued to serve as a bridge between the Continent and the North.

New movements and ideas have usually come from the south, consequently Denmark has traditionally been greatly influenced by Germany. From the south through Germany came Christianity, feudalism, the Reformation, Pietism, the Enlightenment, the Romantic Movement, nationalism, liberalism and socialism. German has always been an important language in Denmark, only later did first French and then English become widely spoken. This is not surprising as Holstein was a Danish possession until 1864, Denmark thus in reality being a Scandinavian-German state until that time.¹

Throughout her history, Denmark has had close ties with Germany. It would only be natural that these relations were good. However, this is not the case in the period after 1864, for both political and economic reasons.

Politically, there was the Slesvig-Holstein problem. Due to the rise of nationalism, war broke out in 1848, but it ended in stalemate. War erupted again in 1864, at which time Prussia annexed the Duchy of Holstein, as well as the mainly Danish Duchy of Slesvig. Had Prussia

only annexed Holstein, then relations between the two countries would not have suffered as much.

After the unification of Germany, relations between Denmark and Germany were naturally bound to change. It was no longer an equal relationship, Germany had emerged as a great power, and an industrial one at that. Good or even normal relations were never fully established with the Second Reich. The same can be said about Hitler's Germany, which later, in April 1940, invaded and occupied Denmark.

Economically, the German Zollverein, which was gradually created over fifty years, excluded Denmark from her traditional export markets in Germany. Especially agricultural exports were severely affected as Germany tried to implement a policy of self-sufficiency in food.

The events of 1864 also had a devastating effect on Danish security policy. Nobody came to the rescue of Denmark in 1864, neither Britain, Russia nor Sweden. Slesvig could therefore only be returned through the good-will of Germany. After the new powerful Prussia defeated France, Denmark tried to pursue a policy of strict neutrality, or at least a neutrality which did not offend Germany. In regard to security and defence, Britain has never been willing to guarantee Denmark's national independence. Denmark's policy of neutrality was therefore rather pro-German in the years leading up to both World War I and World War II. As long as Denmark had good relations with Germany, or as long as Denmark's policies were not hostile towards Germany, her national security would not be threatened by Germany. It was hoped that this policy would one day lead to the return of Slesvig. There was no other alternative.

Denmark's neutrality was not an active nor armed neutrality, on the contrary, it was passive and at times pro-German. It was not pro-German because the Danes had any great love for Germany. Prussia had after all annexed Slesvig. It was pro-German because Denmark did not ever want to find herself on the side of Germany's enemies in time of war.

From the Danish point of view, Denmark's policy of neutrality was fairly successful, she managed to stay out of World War I, and northern Slesvig was returned to Denmark in 1920, after a plebiscite. Denmark was not able to remain neutral in World War II, but the German occupation of Denmark definitely differed from that of other Nazi-occupied countries. After World War II, Denmark was to be found on the side of the Powers who controlled the great German plain to the south of Slesvig.

When people argue that national security, maintained by a credible military force, is the primary goal of foreign policy, they cannot be referring to Denmark, as she is one example of a nation which not only disarmed, but followed a policy which was favourable towards the 'enemy', that is Germany. In regard to foreign policy, Danish decision-makers have not acted in terms of societal survival most of the time, not in the military sense. Karl Deutsch states that "a nation's feeling of insecurity expands directly with its power."² Small states are primarily concerned with preserving their independence, often in economic terms, their feeling of military insecurity frequently not being very pronounced. Denmark as a small country has not had any great power ambitions, in fact she has refrained from involvement in the great international political disputes and has instead concentrated on economic matters.

Denmark has had a very high percentage of foreign trade in relation to Gross National Product, for almost a century both imports and exports accounting for one-quarter of the Gross National Product.³ Foreign trade has therefore had a profound impact on her economy and living standard. Denmark's high living standard has been maintained by her extensive trade. Denmark has long been a stout supporter of free trade, the argument being that Danish coffers cannot compete with foreign coffers. Denmark has therefore consistently fought against protectionism, tariffs and subsidies.

While the focus of Danish foreign policy has centered on economic problems, the Danish economic situation has been nearly the converse of that found in most European countries, where they sought free trade in industrial goods and a protected agricultural sector. Danish agriculture operated until the late 1950's almost totally without government intervention or control.⁴ Generally a policy of free trade has prevailed in Denmark, the farmers being the strongest supporters of free trade. The highly efficient, primarily export-oriented agricultural sector served the function of providing the Danish economy with foreign exchange needed to purchase raw materials for industry. In Denmark, it was in fact agriculture that created the conditions for industrialization.⁵ What is unique about the Danish case in a European context, is the important role which the agricultural sector continues to play in the development of the entire economy. The rest of the Danish economy is actually highly dependent upon good terms of trade and expanding export outlets for the competitive Danish farmers.

Denmark never had an Industrial Revolution. If she did, it was in the 1950's and 1960's. On the other hand, Denmark had an Agricultural

Revolution. The first agricultural reforms were initiated about 1760. The land reforms promoted a transition from copyhold to freehold farming. Further, the scattered plots were consolidated into one single holding. Common cultivation ceased, and as a general rule farmers moved out of their village to their new consolidated holdings. These reforms placed Denmark ahead of most European countries in regard to agricultural structure.

The second great agricultural development began in the 1870's, and was due to a marketing crisis in grain, then the principal export.⁶ Cheap grain from the North American prairies, which were just opening up for cultivation, was starting to flood the European market. Most European countries tried to protect their farmers by introducing tariffs. Denmark, however, switched her production and exports from grain to livestock; thereby turning low grain prices from a threat into an advantage, compared to countries which increased the cost of raw materials through tariffs.

This reorganization laid the foundation of the present structure of intensive field cultivation with a large production of fodder and a large livestock population consisting chiefly of dairy cattle and pigs. Very quickly Denmark became an importer of grain, and an exporter of livestock commodities such as butter, bacon, eggs, meat and cheese. To solve the new problems created by this revolution in agriculture, farmers joined together in cooperatives, establishing dairies, slaughterhouses and marketing associations.

First with the tragic outcome of the 1864 War, whereby Denmark lost one-third of her agricultural land, and secondly with the loss of her traditional export markets for grain, Denmark underwent a major

change. A wartime officer, Colonel Enrico Dalgas, belonging to an old immigrant Huguenot family, organized the Danish Heath Society and its large-scale cultivation of the Jutland heaths. Under his motto, "What was outwardly lost shall be inwardly won", gifted and eager young men went to work or to one of the many new agricultural folk high schools which were to promote Denmark's development from an old-fashioned rural community into a modern agricultural and industrial nation.

One of the most significant consequences of the second stage of the Agricultural Revolution was that Britain became the most important export market, the United Kingdom being one of the few countries not to implement a policy of self-sufficiency in food in the last half of the nineteenth century. Britain accounted for over 50 per cent of total Danish exports from the 1880's and up until World War II, while Germany's share of Danish exports during the same period ranged between 15 and 20 per cent.⁷ Denmark's reliance on the British market was so great that the Danish krone was pegged in reference to the British Pound; of course, London was at the same time the world's principal trade and financial centre. Moreover, Denmark had a trade surplus with Britain, earning much foreign exchange from her agricultural exports. From the 1880's and until the 1950's, Denmark was in this way dependent primarily on one export as well as one major market.

The Agricultural Revolution restructured Danish society. As well the Danish government was restructured. At the turn of the century a Ministry of Agriculture was created and the Ministry of Foreign Affairs was divided into two departments, one to look after political and legal problems, the other economic matters. The economic aspects of foreign

policy were further emphasized after World War I, when the Ministry of Foreign Affairs was given the task of assisting Danish exports.⁸

During World War I, the aim was not only to stay out of the conflict, but to maintain trade relations with both Germany and Britain. Representatives from industry, agriculture and the government consequently made various trips to London and Berlin to ensure that trade with Denmark would not be hindered due to the war. This attempt became very delicate after Britain and Germany tried to blockade each other, which included hindering food supplies from reaching the opponent.

Within the League of Nations, Denmark felt that problems arising from trade barriers should be given the highest priority. Nevertheless, protectionism grew in the 1930's. Nazi Germany implemented a policy of autarky. Britain granted preferences to her Commonwealth, and Denmark was forced to regulate her imports through government control. A trade agreement was signed with Britain in 1933, whereby Denmark was given a bacon quota. In return Denmark granted preferences to British coal and industrial goods.

As Foreign Minister from 1929 to 1940, Peter Munch concerned himself with the serious economic problems of the 1930's. As a small country, Denmark could not exert much political influence on the great powers, instead she focussed on the economic difficulties she faced internationally.

After World War II, the security aspect has played a minor role in Danish foreign policy, since both Britain and Germany became members of NATO. Denmark found security within NATO and has generally kept a low profile within the alliance. The crucial questions of the day have been the economic problems. National security and trade have been kept

separate. The debate in regard to joining the European Community was called the Market Debate, as it was the economic aspects which were emphasized. Whether Denmark followed Britain or Germany in Market Policy would have had little consequence for her security policy. Nevertheless, Denmark followed Britain in her Market Policy. It was in fact the policy of the Danish government to follow Britain, for both political and economic reasons. Politically, Denmark like Britain, favoured a more functional or intergovernmental approach to cooperation in Europe. Furthermore, the knowledge that Britain was a stable democracy with a long tradition of political freedom gave the Danes some assurance. Economically, Denmark followed Britain because of agricultural exports. Denmark joined EFTA along with Britain, after receiving concessions on agricultural exports, and Denmark followed Britain into the European Community, whereby Denmark could retain her British market, while gaining access to the market of the EC, particularly Germany.

As well, diplomatic relations were re-established with Germany after the war. A democratic Germany emerged in the form of the Federal Republic, a development Denmark could only welcome. Slesvig has not been a problem as both countries have been content with the border as it was established after the 1920 plebiscite. As had been the case before the war, Germany again took her place as Denmark's most important trading partner after Britain.

Denmark regretted that Britain and Germany came to belong to two different trade blocs, the EC and EFTA. The Community's Common Agricultural Policy discriminated against Denmark's traditional agricultural exports to Germany, as did the Common External Tariff for industrial goods.

For The Six to be able to establish a Common Agricultural Policy was truly a spectacular achievement. In many respects the agricultural sector of an economy differs significantly from the industrial sector. Generally speaking, it appears that the agricultural sector is very often extremely traditional and frequently rather backward. Agriculture has often been protected and subsidized, and thus government intervention has been the rule rather than the exception. The Common Agricultural Policy has been praised for being extremely successful in increasing agricultural production and in furthering European integration, while on the other hand, it has been vehemently criticized for being discriminatory and protectionistic.

As an outsider, Denmark found the Common Agricultural Policy very protectionistic. Growing difficulties for Danish agricultural exports since the mid-1950's, caused by subsidies and protectionistic measures in other countries, with consequent static or falling export prices, together with steadily rising costs, have meant that Danish farmers have not been able to keep pace with the income of other groups in Danish society. As a consequence, from 1958 and until Denmark joined the European Community, various schemes, i.e., mechanization, minimum farm prices, consolidation of small holdings, were introduced to improve the agricultural sector.

Moreover, over 225,000 people have left agriculture for work in industry since the early 1950's, leaving about 200,000 people engaged in agriculture, which is roughly 8 per cent of the total working population. Meanwhile, agricultural production has increased threefold, and about two-thirds of the farmers' production is presently exported, accounting for about 15 per cent of total foreign exchange earnings.

In 1910, about 90 per cent of Danish exports were agricultural products. By 1958, agricultural products accounted for 50 per cent of Danish exports, or 60 per cent if canned goods are included. Not until the early 1960's did Denmark export more industrial goods than agricultural products.⁹

Improved world market prices in 1970 and a considerable gain for farmers by Denmark joining the Community in 1973, have increased the farmers' income. However, the cost of raw materials and farm machinery has recently gone up drastically. Regardless of future developments, agriculture is one sector of the Danish economy which is in relative decline as to its importance. If current developments continue then industry and the service sector will increasingly gain in importance.

As a member of the Community, Denmark obtained access to the agricultural market of all the member-states. This was seen as a major advantage for Denmark, since the Danish farmers considered themselves much more efficient than farmers in the EC. The fact that the Community had been able to establish a Common Agricultural Policy was one of the main reasons for Denmark joining the Community.

One of the conditions Denmark set for joining the Community was that she would only join in conjunction with Britain. When Britain applied for membership in 1961, Denmark did the same. The formal applications for Community membership were even submitted by Britain and Denmark on the same day, August 10, 1961. Again in 1967, Denmark's application to the EC immediately followed Britain's application.

There were two major reasons for following Britain. First, Britain was the largest market for Danish exports, especially agricultural exports. Denmark thus had to join the Community along with Britain,

unless she wanted to lose her most important export market. Further, Denmark feared that a special agricultural agreement might be concluded between Britain and The Six. Commissioner Jean Rey had proposed that Britain be granted immediate membership, while the other applicants be given associate status for a three year transition period.¹⁰ His purpose was to isolate the British from the other applicants and thus to "Europeanize" the British without the threat of Anglo-Nordic bloc behaviour. Such a scheme would have placed Denmark in a weak and perhaps even a detrimental position, particularly for her agricultural exports. Denmark therefore tried to coordinate her negotiations with those of Britain.¹¹

Secondly, Denmark felt that it would be relatively safe politically to join the Community along with Britain, as the United Kingdom had a long and stable democratic tradition, unlike some of the other member-states. Furthermore, Denmark had preferred the British approach to European economic cooperation in the post-war period, and she knew Britain would resist strong federalist initiatives for a united Europe.

In summary, trade has always been important for Denmark. After the advent of cheap grain from the North American prairies, Denmark switched her agricultural production from grain to livestock commodities, Britain soon becoming her largest market as Britain was one of the few countries not to implement a protectionistic agricultural policy in the late nineteenth century. Having become dependent on British trade, Denmark followed Britain in commercial and trade matters, after World War II following Britain into first EFTA and later the European Community.

While Denmark had turned to Britain for reasons of trade, relations between Denmark and Germany deteriorated, to say the least. In 1864,

Prussia annexed the Duchies of Slesvig and Holstein, while economically the Zollverein discriminated against Denmark's traditional agricultural exports to Germany.

Pertaining to security matters, Denmark adopted a policy of neutrality after the War of 1864, a neutrality which would never find Denmark on the side of Germany's enemies in time of war, in order hopefully to get Slesvig back, as no other nation would help Denmark in this endeavour. Even though Slesvig was returned to Denmark after a plebiscite in 1920, the Weimar Republic never recognized the new border. Later, in April 1940, Germany invaded and occupied Denmark.

In the post-war period Denmark and Germany came to belong to different trade blocs, which had a detrimental effect on Danish trade with Germany, particularly because of the Common Agricultural Policy. Political and economic problems have thus in one way or another hampered Danish-German relations from 1864, even 1848, right up until 1973.

Denmark's former balancing act between Germany and Britain was at times very delicate, but has after World War II finally been eliminated through the three countries' membership first in NATO and subsequently the European Community. With EC-membership, Denmark was able to retain her close ties with Britain, while at the same time her relations with Germany have fallen in place, whereby not only a natural and normal, but a close relationship can now be said to exist between the two countries. Thus the close relations Denmark often had with Germany throughout the centuries of Danish history were in most respects finally re-established when Denmark joined the European Community.

Chapter Two: Denmark's Relations vis-à-vis Germany and Britain

References and Notes

1. Gunnar P. Nielsson, "Denmark and European Integration: A Small Country at the Crossroads". Unpublished Ph.D. dissertation, University of California, Los Angeles, 1966, p. 184.
2. Karl W. Deutsch, The Analysis of International Relations, Englewood Cliffs, New Jersey, Prentice-Hall Inc., 1968, p. 88.
3. Ole Bus Henriksen and Anders Ølgaard, Danmarks Udenrigshandel 1874-1958, Copenhagen, G.E.C. Gads Forlag, 1960, p. 9.
4. Landbruget i Danmark, Landbrugsraadet, Copenhagen, 1977, pp. 214-215.
5. Nielsson, "Denmark and European Integration: A Small Country at the Crossroads", p. 95.
6. James Arthur Merrill, "The Effect of the European Economic Community on Trade with Denmark", Columbia University, 1976, Unpublished Ph.D. dissertation, p. 4; Erling Bjøl, Udenrigspolitik, Copenhagen, Berlingske Forlag, 1973, p. 173.
7. Henriksen and Ølgaard, Danmarks Udenrigshandel 1874-1958, p. 14.
8. Peter Hansen, "Denmark and European Integration", Cooperation and Conflict, No. 1, 1969, p. 15.
9. see Peter Hansen, "Denmark and European Integration", pp. 18-25 and Peter Hansen, "Adaptive Behavior of Small States: The Case of Denmark and the European Community", in Sage International Yearbook of Foreign Policy Studies Vol. 11, 1973, p. 165.
10. Toivo Miljan, The Reluctant Europeans. The Attitudes of the Nordic Countries towards European Integration, Montreal, McGill-Queen's University Press, 1977, p. 175.
11. Ibid., pp. 169-170; for a more detailed account see the next chapter, "Denmark's Market Policy".

Chapter Three: Denmark's Market Policy 1945-1973

This chapter gives a brief account of Denmark's Market Policy within a European setting, from World War II until Denmark joined the EC in 1973. Scant mention is made of the internal political and economic situation in Denmark, while there are also very few references to the differing positions of political parties and interest groups, as this will be the subject of the next chapter. The aim of this chapter is to describe Denmark's Market Policy and position in a European context. The aim is also to demonstrate that before joining the EC, Denmark's Market Policy was to follow Britain. Denmark followed Britain due mainly to her agricultural exports. In fact, in 1972, the Danes decided to follow the British into the EC, well-knowing that they would be the only Nordic country in the European Community.

Denmark made several attempts to establish some sort of economic arrangements with the other Nordic countries, but they never materialized, due either to Denmark's insistence on the inclusion of agriculture, Finland's relations with the Soviet Union, Norway's nationalism and economic situation, or Sweden's neutrality. Not only did the various Nordic attempts of closer economic cooperation fail, but the Nordic countries were not even able to agree on a united stand vis-à-vis EFTA or the EC. Their national interests were much too different.¹

After World War II, economic cooperation in the North began in August 1946, with the successful launching of SAS (Scandinavian Airlines System), a joint enterprise of Swedish, Norwegian and Danish airlines, underwritten by the three national governments, each buying 17 per cent

of the shares.² A year later in July 1947, at a conference in Copenhagen, Norway proposed that a special committee be established with the task of investigating the possibilities of further economic cooperation among the Nordic countries. The Norwegian initiative must be seen in a larger international context. First Belgium, the Netherlands and Luxembourg were forming the BENELUX customs union. Secondly, at the first Paris negotiations on the Marshall Plan in July 1947, the United States pressed for the establishment of a general European customs union.³ When a European Study Group found the customs union approach unacceptable, the United States replaced it with a proposal for the establishment of regional economic unions.

At the next meeting of Nordic Foreign Ministers in August 1947, it was agreed to pursue the Norwegian initiative and a Joint Nordic Committee for Economic Cooperation was established under the chairmanship of Mr. C.V. Bramsnaes, head of the National Bank of Denmark. The Joint Nordic Committee for Economic Cooperation was given the task to explore the possibility of creating a Nordic customs union.

In the autumn of 1948, Sweden launched the idea of a Scandinavian defence pact, comprising Denmark, Norway and Sweden, without ties to either East or West.⁴ The main idea was to include Denmark and Norway in a non-aligned policy comparable to the policy Sweden had pursued for so long and so successfully during both World Wars. Norway insisted upon certain ties with Britain and the United States, while Sweden was unwilling to make any concessions to the unaligned status of a Scandinavian defence union. Even though Greenland would have been excluded, Denmark adopted a more flexible line, according to which Denmark would

agree to whatever Sweden and Norway could agree on. No Scandinavian agreement could be reached and Denmark followed Norway into NATO, both countries taking part in the final negotiations of the North Atlantic Treaty Organization in Washington in April 1949. Thereafter attention was again focussed on the economic aspects of Nordic cooperation.

At the GATT Conference in April 1949, the Scandinavian delegates informed the Conference that their countries were considering establishing a customs union including a common external tariff.⁵ Official notice of their common economic endeavour was also given to the United States and the OEEC, which had been created to administer the Marshall Plan.

Then in October 1949, the Norwegian Foreign Minister gave a lecture in Copenhagen in which he discouraged any hope for a Nordic Customs Union, because it would not be in the national interest of Norway.⁶ His warning was confirmed when the Joint Nordic Committee for Economic Cooperation published its first report in January 1950. The report stated that the creation of a customs union would be beneficial to all the Nordic countries and that it would fit into the European framework of economic reconstruction and cooperation. However, during the War, Norway had suffered much more than Sweden, Denmark or Iceland. Norwegian industry was in a weak position and could not compete, even domestically, without the protection of tariffs. The Joint Nordic Committee for Economic Cooperation concluded that the difficulties raised by the Norwegians

are so significant, that they cannot at the present be solved by the participating countries. Therefore, there is no basis for the establishment of a customs union encompassing Denmark, Iceland, Norway and Sweden.

Norway must carry the main responsibility for the failure of first the Scandinavian Defence Pact and then the Nordic customs union. Nevertheless

Norway's economic arguments were sound. Norway was not as economically advanced as Denmark and Sweden, and her priority had been reconstruction. Her emphasis had been on rebuilding the merchant fleet and her export industries, while Denmark and Sweden had been able to focus on economic development and growth. Furthermore, inter-Scandinavian trade did not play a major role for any of the Nordic countries. Moreover, most of Norway's exports to Denmark and Sweden consisted mostly of raw materials or semi-manufactured goods which had no or very low tariffs.

In addition, there was a difference in economic policies, where Norway's economy was more state-directed while Denmark and Sweden followed more liberal economic policies.⁸ Finally, there was the political aspect, Norway having been dominated by either Denmark or Sweden for most of her history. As the Norwegian Foreign Minister said in his Copenhagen Speech in October 1949, "Norway ever since the 14th century has been the weakest partner in the various Scandinavian unions, and it must be borne in mind that it is less than 45 years ago that we regained complete national sovereignty."⁹ Norway has understandably been very sceptical of any Nordic schemes which might eventually lead to political union.

The Norwegian rejection disappointed the Danes, who had been the most eager to see the creation of a Nordic customs union. Bramshaes, the chairman of the Joint Nordic Committee for Economic Cooperation had already in 1945, when he was chairman of the Danish branch of the Norden Association, proposed the establishment of a Nordic customs union.¹⁰ Bramsnaes now tried to press for a Danish-Swedish Customs Union which Norway could join later. However, the Nordic governments were afraid of creating another split among their countries. Norway then suggested that the Joint Nordic

Committee for Economic Cooperation be given a new mandate to examine the possibilities of Nordic cooperation within various selected industries. The customs union approach was too political and controversial, instead a more technical and functional approach had to be tried. This is a typical Nordic approach.¹¹

The Joint Nordic Committee for Economic Cooperation submitted its second report in March 1954. The countries had moved a little closer towards each other, but Norway was still reluctant to establish even a limited form of economic cooperation. Nevertheless, in 1952, the Nordic countries had agreed to establish the Nordic Council, a consultative assembly much like the Council of Europe, except that the Nordic Council also included government representatives. The second report of the Joint Nordic Committee for Economic Cooperation had therefore been submitted to the Nordic Council; but in vain due to Norway.

If any progress was to be made regarding Nordic economic cooperation, then an even lower common denominator had to be found. Consequently the Nordic Council established a Nordic Economic Cooperation Committee, consisting of one cabinet minister (from Denmark, Jens Otto Krag, Minister of Economics) and three high-level civil servants from each country. The Nordic Economic Cooperation Committee issued various reports between 1955 and 1959, but no decisions to form some sort of customs union or common market were reached.

After ten years of deliberations, discussions and reports little progress had been made in the economic field. Nevertheless, the Nordic Council had been established and the Nordic countries had coordinated their stand on many policies within the United Nations, GATT and other

international organizations. They were also able to harmonize certain policies, for instance, in 1954, the Nordic countries established a common labour market.

While the Danes were not afraid to press for far-reaching economic integration in the North, they took a very cautious stand in regard to European integration. They were willing to enter into European economic and political cooperation only in so far as it did not infringe upon Danish sovereignty. The Danes rejected the supranational approach. Their main interest was in United Nations' activities and in Nordic cooperation. Denmark did, however, join various European institutions: the OEEC and the Council of Europe.

The efforts of the European Union of Federalists led to the creation in 1949 of the Council of Europe, which it was hoped would develop into a federal European Parliament.¹² The Council of Europe was to handle political issues while the OEEC was to focus on economic issues. Due to the position taken by the British neither the OEEC nor the Council of Europe developed into federal institutions.¹³ The OEEC, and later when it was changed to the OECD, became an organization for economic cooperation, no more.¹⁴ The Council of Europe was established as a consultative assembly, which suited the British and the Scandinavians. A split could already be detected between the functionalists and the federalists, between Britain and Scandinavia on the one hand, and the continental states who were to form the EC on the other.¹⁵ The different approaches were probably due to the different war experiences. Furthermore, Britain had her Commonwealth, while Denmark looked to the North. Finland, Iceland, Norway and Sweden looked even less to the South than Denmark. Even though we can speak of an Anglo-Nordic group regarding European integration in the period

after 1949, there was a difference between the North and Britain. The Nordic countries remained relatively passive, while Britain was more active in the European questions of the day.

Britain and the Nordic countries would together bloc many of the federalist proposals in the Council of Europe.¹⁶ Regarding the Schuman Plan for a European Coal and Steel Community, Britain and the Nordic countries were not interested in joining. In the case of the Pleven Plan for a European Defence Community, Denmark remained completely passive, her main fear being a sovereign remilitarized Germany. The relatively negative stance taken by Denmark towards further European integration, along with the other Nordic countries and Britain, led to a break whereby France, Germany, Italy and the Benelux countries moved ahead on their own.

In December 1949, the British proposed the establishment of UNISCAN, an organization in which the United Kingdom and the three Scandinavian countries were to explore the possibilities of closer financial and economic cooperation.¹⁷ Within UNISCAN, high level civil servants and cabinet ministers tackled the problems of easing the convertibilities of currencies, the transfer of capital, the elimination of double taxation as well as import policies.

The British proposal to establish a Wide Free Trade Area covering all OEEC countries in 1957, was also discussed within UNISCAN. The British had originally only wanted to include industrial goods, but as a concession to the Danes the British conceded to include agriculture in a special arrangement.

Within the Wide Free Trade Area, the EC was to be treated as one unit. The Wide Free Trade Area would not have a common external tariff and a

rules of origin system would have to be adopted to avoid imports via low tariff members. As progress in the Nordic deliberations of creating a Nordic Common Market was very slow, the Danish government supported the proposal for a Wide Free Trade Area, which would not only encompass the North, but the whole of OEEC-Europe. The British wanted a free trade area as it would be less of a commitment than a customs union. Britain did not want a common external tariff which could be detrimental to both the Commonwealth and her agricultural policy of low food prices.

For Denmark the Wide Free Trade Area seemed like the ideal solution, as it would include Britain and Germany as well as the North. It offered more than a Nordic Common Market or a limited Nordic customs union would. The main problem for Denmark was agriculture, where she wanted freer access for her exports, which there was little chance of in a solely Nordic market arrangement.

Britain's aim was to create a Free Trade Area encompassing all of the OEEC countries. In October 1957, the OEEC Council of Ministers decided to establish a Committee to work out a proposal for a Free Trade Area. Reginald Maudling was made chairman of the Committee.

Within the Maudling Committee, France and Britain had opposing views. France wanted all the OEEC countries to sign the EEC Treaty of Rome, or she wanted an arrangement which would not compromise the Treaty.¹⁸ Denmark was caught in the middle as she wanted a free trade area which included agriculture. It became clear that France wanted agriculture included, which Britain did not. Britain broke off the negotiations in October 1958. In early 1959, it became evident that the negotiations could not be resumed, Britain and France stood too far apart.

To the Danes it was clear by February 1959, that what Denmark had feared most was going to happen: Europe was going to be split into two trade blocs. Meanwhile the situation regarding Nordic cooperation was also unclear. Denmark felt that the breakdown of the OEEC negotiations for a Wide Free Trade Area could lead to an economic war in Western Europe and could perhaps also be a threat to NATO. Many Danes did want both Britain and the Nordic countries to be included in a closer European economic arrangement, to assure that Western Europe would remain stable and democratic.

Another consequence of the breakdown of the negotiations was that the near-unanimity of the Danish market position was scattered.¹⁹ First the farmers and then their political party, Venstre, demanded that Denmark join the EC, because of the Common Agricultural Policy. But the Danish Social Democratic government preferred to consider following Britain, as well as the other Nordic countries, into the proposed EFTA, the European Free Trade Association. Denmark was very reluctant to join EFTA and she was only willing to join if the other EFTA countries made concessions on agriculture.

The birth of EFTA was due to the deep division between Britain and France concerning the nature and extent of West European economic cooperation. The idea of establishing a European Free Trade Association was aggressively pursued by Sweden and Switzerland.²⁰ Denmark fearing a future trade war between the EC and EFTA, adopted a more conciliatory position, seeing EFTA as a step toward an arrangement covering the whole of Western Europe. In fact, the Danish government undertook the role of mediator for the purpose of building a bridge between the EC and EFTA.²¹

Denmark set two conditions for joining EFTA. She wanted the trade-war elements in the original Swedish proposal dropped and a cooperative line adopted. Britain agreed with Denmark, and the conciliatory approach prevailed over the more aggressive Swedish-Swiss view. Denmark also wanted the gradual removal of trade restrictions to follow the timetable governing the EC's transition period.

The second Danish demand was the inclusion of agriculture, which was embodied in Article 22 of the Stockholm EFTA Convention. That is to say, Danish interests were secured by a treaty stipulation that all bilateral agricultural agreements concluded under the EFTA Convention were to remain in force as long as the Convention. If this demand had not been met, then Denmark might have considered not joining EFTA and instead sought an arrangement with the EC. Due to Austria's large amount of trade with the EC, Austria might have followed Denmark. Britain wanted the other OEEC countries to maintain a united front vis-à-vis the EC and she was thus forced to make concessions. Yet Britain did threaten Denmark with reprisals should Denmark decide to join the Community.²² However, on the British market, Denmark was granted Commonwealth status for her main agricultural exports.²³ Tariffs on two-thirds of Danish exports of food products were dismantled. Denmark was willing to join EFTA if the other states were ready to grant similar concessions to Denmark on agricultural goods. Bilateral agreements on agriculture were subsequently signed with Norway, Sweden and Switzerland. This actually meant that Denmark tied herself closer to Britain, becoming more dependent on Britain's Market Policy. Denmark therefore sought to renew her trade agreement with Germany. The German government not only encouraged Denmark to join EFTA, but assured Denmark that there would be no reprisals due to

Denmark joining. In fact, Germany emphasized the bridge building features of EFTA as well as the vital and constructive role Denmark was playing in trying to reach a broad European market solution. The Danish-German Trade Agreement was extended until the end of 1962, and it was later renewed until the end of 1965, at which time it lapsed.

The two broad objectives of EFTA were free trade among the members and a solution to the division of Western Europe into two trade blocs. The first objective was reached by 1967, albeit only for industrial goods. The second objective was attained in 1973, when all the EFTA states either obtained full membership of the EC or a free trade arrangement covering industrial goods.

The central institution of EFTA was the Council, where all countries had the same formal voting power. As a general rule voting was conducted on the basis of unanimity and equality. The Council was not an institution with supranational powers. This suited the British, as well as the Scandinavians who dealt with each other in a similar manner within the Nordic Council. Moreover, Sweden, Switzerland and Austria did not want to compromise their neutrality, which ultimately meant that Finland too was able to join EFTA.

The Council provided a permanent forum for discussion and debate, where problems could be ironed out. No court was established. When Britain in October 1964 imposed a 15 per cent surcharge on most industrial imports, the other EFTA members could not bring Britain before a court, but they could challenge her at the meeting of the EFTA Council.

The creation of EFTA meant that the plans for a Nordic Common Market were shelved. Within EFTA, Denmark probably obtained more concessions from Norway and Sweden than she would have acquired in a solely Nordic arrangement.

Yet, the EFTA solution was neither desirable nor satisfactory for Denmark, Western Europe was being split into two trade blocs. The decision to join EFTA was in reality not made by the Danes, it was made for them. The Danes adopted a reluctant attitude, considering EFTA primarily a temporary organization. Denmark tried to play the role of bridge builder between the EC and EFTA. Even though EFTA was dominated by the Anglo-Nordic group which preferred a functional approach to European cooperation, the solution was - economically - least favourable to Denmark. The substantial agricultural concessions made by the other EFTA countries did not compensate for the loss of the continental market of The Six. Nor could the special Danish-German Long-Term Agreement, which secured Denmark's major EC market until 1965, compensate Denmark fully.²⁴

The Danish attempt of bridge building between the EC and EFTA failed because Britain decided to join the EC and because Germany's policy was to more or less follow France, despite the West German government's belief in free trade. Moreover, the Danish attempts to establish a Wide Free Trade Area and to act as a bridge between the EC and EFTA, had been conducted to a large extent within the OEEC, which was disbanded by the creation of the OECD in 1961. The OEEC was considered British, as the British had dominated the organization at its creation and they had made certain that the approach was functional and not federalist.²⁵ When the OEEC was disbanded, a European forum where the EC and EFTA could meet was lost. This in turn might have strengthened the EC and EFTA. In any case, Denmark soon discovered that EFTA proved to have little bargaining power as a unit vis-à-vis the EC. For instance, both the United States and the EC wanted all further tariff concessions to be negotiated within GATT.

Just as external factors had forced Denmark to join EFTA, so it was the change in British policy toward the EC which caused Denmark to apply for EC-membership. Denmark welcomed the British decision to join, as an enlarged EC would establish a broad European market solution, albeit under supranational authority. Denmark joining the EC would also provide the basis for re-establishing a Danish consensus on market policy.

The British decision to join the EC was economic as well as political. Britain had not favoured the customs union nor federalist approach. However, the movement toward closer political cooperation among The Six, for instance the Fouchet Plan, provided further impetus for a change of British policy. Britain feared being excluded from major economic and political developments in Europe.²⁶

In April 1961, the Danish government sent a formal note to Britain requesting to be informed as soon as possible about the British position vis-à-vis the EC, because if Britain decided to apply for EC-membership, then Denmark would apply simultaneously. The Swedes were upset over Denmark's eagerness to follow Britain - Denmark so readily turning her back to the North. Norway too had indicated a willingness to follow Britain. Sweden saw Denmark as a traitor who was willing to give up both EFTA and Nordic solidarity. Denmark had made a united position vis-à-vis the EC impossible, at least for the Nordic countries.

One Danish editorial in the otherwise pro-Nordic Social Democratic press, emphasizing the condition of economic necessity created by the prospect of both Britain and Germany belonging to the same common market, concluded

In that situation, we must be permitted to take action. When national economic survival is at stake, it must be allowed

even a Nordic country to protect its own interests.

Let it be said in all friendliness and among brethren peoples that we really believed this point of view had been accepted in the North a long time ago.²⁷

Due to the Swedish criticism of the imminent Danish, Norwegian and British desertion of EFTA, it was agreed at an EFTA Meeting in London in June 1961, that the states seeking EC-membership would commit themselves to maintain solidarity within EFTA during the negotiations, and they pledged that they would not join the EC until a solution for all EFTA members had been found.

Yet, as earlier Danish reservations toward customs unions in general and the EC in particular were disappearing, together with the traditional references to Nordic solidarity, it became clear that the deciding factor for Denmark was the unification of her two largest trading partners in one common market encompassing agriculture. In fact, it was a foregone conclusion that when Britain decided to apply for EC-membership in July 1961, Denmark would follow suit. Denmark even coordinated her negotiations with Britain, as Denmark feared that Britain and France would reach an agreement on agriculture at the expense of Denmark, the whole issue of agricultural trade being a central issue not only for Denmark, but in the negotiations between Britain and the EC.²⁸

Back in September 1957, the Danish government had decided to establish a high level civil servants committee to investigate the relative effects on the Danish economy of: the Nordic Common Market, the Wide Free Trade Area and the European Economic Community.²⁹ The focus was on the EC, which had in fact already been established by Treaty back in March. The Committee Report - soon named the Shock Report - estimated that approximately 39 per cent of Danish industrial production would

suffer serious setbacks if the remaining restrictions against imports from European trading partners were removed. More than half the affected industries would require immediate structural reorganization. The shock which this report caused, and the fears of the consequences of future increased competition within a future free trade arrangement were undoubtedly important factors in the rapid development of Danish industry in the following years. Furthermore, the report's analysis of agriculture refuted the farmers' contention that the EC provided a large potential market for Danish agricultural products.

When a second report on the economic consequences of Danish EC-membership was published in 1961, the risk percentage for Danish industry had declined from 39 per cent to 20 per cent. A 1967 report issued by the high level civil servant Committee regarding Denmark's Relations with the EC, reduced the problem to adaptation difficulties in a few branches of industry. The Report concluded

Denmark's accession to an enlarged common market will confront Danish industry and the Danish government with a series of adaptations and changes. These problems, however, appear to be of such a nature that they should be able to be solved by measures of essentially an internal character.... There should therefore be no hesitation in accepting the Community Treaties. ... Nor does it seem necessary for Denmark to seek special transition period arrangements in connection with negotiations for membership of the European Communities.³⁰

The Committee regarding Denmark's Relations with European Communities continued to issue reports annually until Denmark joined the EC in 1973.

About a year before the 1961 entry negotiations, the Folketing (Parliament) had set up a Market Committee which was to watch over the government's negotiations with the EC.³¹ Each political party was represented in the 17 member Market Committee according to the

proportion of seats held in the Folketing. Then as now, the Minister responsible for Market Policy participates in the meetings of the Market Committee, bringing with him civil servants who can answer the more technical questions. The Head of the Prime Minister's office will nearly always be present too, in order to follow the Committee's work. The Market Committee has fairly high status membership, including most of the party leaders. In this way the Danish Parliament has secured parliamentary control of the government's Market Policy.

Denmark has traditionally had a very liberal commercial policy. However, in the early 1930's it became necessary to implement certain restrictive measures. This was done through a Foreign Exchange Act whereby quantitative restrictions were imposed. Tariffs were used only to a limited extent, Denmark being an importer of both raw materials and manufactured goods. Due to the liberalization of trade barriers in the 1950's, it became obvious to Denmark that her relative distribution of quantitative restrictions and tariffs had to be brought into line with the rest of Europe. Denmark therefore changed her policy by the Foreign Exchange Act and the Tariff Act, both of February 29, 1960, whereby quantitative restrictions were removed or reduced, while tariffs were introduced or increased.³² The gradual liberalization of world trade since 1950 had by 1966 increasingly removed all Danish import regulations on industrial goods from GATT countries. The present 1977 import regulations cover a wide range of agricultural products, all imports from Rhodesia, and some industrial products from a few East European as well as a few Asiatic countries.³³ The most important import restrictions in 1977 were: (1) textiles and knives from Japan, South Korea and Taiwan;

(2) cement, textiles, footwear, tools, vehicles, aluminum products and glass ware from Eastern Europe, including the Soviet Union; and (3) a considerable amount of goods from North Viet Nam, Mongolia, North Korea and China.

In the fiscal year 1973/74, Danish tariff revenue amounted to 727 million kroner. Coffee and cars (excluding trucks) accounted for 100 million kroner each, while beverages and textiles also accounted for a relatively large amount.³⁴

Denmark's formal application for EC-membership was submitted on August 10, 1961, the same day as Britain's application. The Community's Council of Ministers accepted the Danish application on September 27, and October 26, 1961, was set as the date for Denmark to present her case to the Community. In late September and early October the British and the Danes consulted each other concerning preparatory arrangements and coordination of positions. On October 19, the Danish and British Prime Ministers and Ministers of Agriculture conferred on the final details of their negotiation positions.³⁵

Jens Otto Krag, who led the Danish negotiating team, stated in Brussels that Denmark was willing to accept the three Community Treaties. However, some sort of accommodation had to be found for the other EFTA countries. Krag also brought up some special problems, the most significant being, (1) a different base year for the calculation of the gradual reduction of tariffs; (2) decalage (a slower rate of removal of trade restrictions) for 10 to 15 per cent of industrial imports from the EC; (3) the maintenance of the Nordic Common Labour Market; (4) special treatment for capital transfers and harmonization of social policies; and

(5) special treatment in regard to agriculture.³⁶ The last of these, agriculture, was the most important; here Denmark first requested to participate immediately in the process of formulating the Common Agricultural Policy, as Denmark could no longer be considered an outsider. When this request was rejected, Denmark proposed that agricultural negotiations be worked out on a trilateral basis between Britain, Denmark and the EC. This was rejected by Britain, whereafter Denmark proposed that Danish agricultural exports to the Community during the negotiations be maintained by special bilateral agreements with the individual member-states, which of course was contrary to the Common Agricultural Policy, and thus rejected on principle.

Denmark wanted 1960, at least, and not 1957, to be used as the base year for the application of the EC timetable on the reduction of tariffs. Similarly, Denmark wanted a slower rate of removal of other trade restrictions. The EC Commission was willing to consider 1960 as the base year, whereas the issue of decalage had not been decided before the French veto. A Nordic Common Labour Market would be allowed by the Community, as Norway had applied for membership, and already Greeks and Turks as well as other non-Community nationals were working in the EC. Regarding special treatment of capital transfers and harmonization of social policies, Denmark had to drop her demands. Denmark also wanted to be exempted from imposing tariffs on certain raw materials, for instance, raw tobacco, cocoa beans, raw linseed oil, raw palm oil and lead ore.

In the negotiations between Denmark and the Commission, Denmark did not forward any demands regarding making the decision-making process or the European Parliament more democratic or less federalist. No demands

were made for changing the institutions. Most problems were detailed and of a technical nature, some even contrary to the Treaties.

The negotiations could not be brought to an end because several issues were contingent upon what was decided between Britain and the Community. Since the negotiations with Britain took longer than the negotiations between Denmark and the Community, many decisions regarding Denmark had to be postponed.

In January 1963, the negotiations broke down because France felt that Britain was not ready for membership. The five other members were willing to continue the negotiations, but France feared that the United Kingdom was an American Trojan Horse.

Prime Minister Krag visited French President de Gaulle in late January 1963, a couple of weeks after the de Gaulle Press Conference where the General had said no to British membership. The General offered Denmark full membership in the EC, or associate membership including an agricultural arrangement, if Denmark preferred that.³⁷ The General stated that he would not in any way oppose a Danish Alleingang into the EC. However, the Danish position was to follow Britain and Denmark also wanted to make certain that some form of accommodation was found for the other EFTA members, especially the Nordic countries. Had Denmark accepted the French offer, then the British dominated EFTA would have been broken up while Denmark would have provided an additional link in a French encirclement of Germany.

Prime Minister Krag was visiting General de Gaulle in Paris prior to an EFTA Meeting in London, where he reassured the EFTA Council that Denmark's Market Policy was unchanged. Nevertheless, when Britain imposed

a 15 per cent surcharge in October 1964, Denmark gave up her adherence to the parliamentary decision of 1961, where Denmark sought EC-membership in conjunction with Britain, and the government sought a new parliamentary Market Policy mandate. The basic guidelines for Danish Market Policy had contained three points: (1) Denmark sought EC-membership in conjunction with Britain; (2) full regard must be given to the interests of the other EFTA members; and (3) EC-membership must not hinder continuing and increasing Nordic cooperation.

In the new mandate the reference to Britain was dropped and the Danish government was called upon to "seek new ways, which can lead to the realization of the goal of Danish Market Policy: a comprehensive European Community".³⁸ This new mandate as well as other concealed threats that Denmark might revise her EFTA membership and Market Policy were only credible to a certain extent, as there was no political basis for an Alleingang into the EC. The change reflected perhaps more a loosening of former unconditional dependence on Britain.³⁹

The creation of EFTA substantially increased trade among the participating countries. From 1959 to 1966, total foreign EFTA trade increased by about 67 per cent. During the same period, intra-EFTA trade, however, increased by 165 per cent.⁴⁰ EFTA was thus very important to the Nordic countries. Due to EFTA, free trade in industrial goods among the Nordic countries became a reality, after years of unsuccessful Nordic negotiations regarding some form of Nordic economic cooperation. Sweden became Danish industry's largest export market. Further, membership of EFTA gave Denmark a chance to adjust to a greater market and thus prepared Danish industry for greater competition within the European Communities.

When Britain renewed her application for EC-membership on May 11, 1967, Denmark immediately followed suit, and the parliamentary mandate stressed that Denmark was seeking membership together with Britain. The commitment of solidarity with the other EFTA countries was relinquished, while it was emphasized that Denmark hoped satisfactory solutions would be found for the other Nordic countries, as they had due to EFTA become the most important market for Danish industrial exports.

At a press conference on May 16, 1967, not even a week after Britain had submitted her second application, General de Gaulle reviewed all the economic, commercial and political obstacles which lay in the way of British membership. The General stated that the chances of eliminating these obstacles within a couple of years were small. He maintained that it never was and never would be the policy of the French government to veto British membership. However, France would only allow Britain to join after she had made various reforms, otherwise Britain would destroy much of what had already been achieved. France did not veto Britain's application, but she continually refused to open negotiations with the applicant countries. Meanwhile, the applications were not withdrawn.

Approximately half a year later, after the Danish national election on January 23, 1968, a new coalition government was formed by the Radicals, the Liberals and the Conservatives. At the Sixteenth Session of the Nordic Council in Oslo in February 1968, the new Prime Minister, Hilmar Baunsgaard, stated that the Nordic countries should seriously reconsider the question of Nordic economic cooperation, in light of developments in Europe, particularly Brussels, France more or less having imposed a second veto.

The new bourgeois government thus took the initiative to see what the possibilities were of creating a Nordic Common Market: NORDEK.⁴¹

In March the Nordic Market Ministers agreed that expanding economic cooperation was desirable. A Committee of high level civil servants from Denmark, Norway, Sweden and Finland prepared a report which was submitted to the Nordic Prime Ministers' Conference in Copenhagen in April 1968. Norway was rather hesitant about NORDEK, which of course disappointed Denmark. In any case, the four Prime Ministers decided that the Committee should continue its work and that it should submit certain concrete proposals. Further, the four Prime Ministers informed the Committee, that in principle (1) Nordic cooperation must not hinder any one country in joining the EC, which meant that Denmark and Norway would not withdraw from Brussels their applications for EC-membership; (2) there must be no discrimination or limitation on economic or commercial relations with third countries; (3) cooperation had to be in a form where benefits and disadvantages were equally shared among the four countries; and (4) Nordic cooperation could not include national security or defence policies.

In addition, the Prime Ministers listed ten fields of potential cooperation, including agriculture, where the policy aimed at should be similar to that of the Common Agricultural Policy of the EC. Regarding the creation of common institutions, it was decided to wait and see what was necessary.

The Committee's Report was submitted in January 1969. The Report also contained a separate Danish declaration with six demands: (1) the customs union must not limit the Nordic countries' options in international trade,

including arrangements with the EC; (2) cooperation in the field of agriculture had to be such that there was an adequate and efficient division of labour; (3) the flow of capital had to be liberalized such that a Nordic common market would function satisfactorily; (4) the Nordic countries must be willing to finance common institutions and policies; (5) and new common institutions must be of such character that they can assure the implementation and development of common policies within the framework of an eventual Nordic agreement; and (6) the Danish EC-policy demanded that an eventual Nordic agreement must ease the way for the creation of an enlarged European market. A Nordic agreement must therefore be such that it can be adapted to the European Communities.

Further, the Committee of high level civil servants felt that the Nordic agreement should be established by treaty, but be of limited length, perhaps ten years. At the same time, it should be possible to withdraw before that time, in case Denmark's and Norway's applications were accepted by the European Community.

The Committee also recommended that the agreement contain an emergency clause so unilateral action could be taken in case of a general strike or an international crisis. In regard to establishing common institutions, Sweden, Norway and Finland wanted to create a common Secretariat, whereas Denmark wanted to create a Cooperation Committee with tasks similar to those of the EC Commission, but without supranational authority.

Moreover, the Danish government clearly made it understood that if agriculture were not included, then there would be no NORDEK. In regard to agriculture, Sweden, Norway and Finland stood opposed to Denmark.

About 35 per cent of Danish export earnings came from agricultural products, while it only represented 3 to 6 per cent in the other Nordic countries. In addition, Danish agricultural prices were about 20 per cent below EC prices, Sweden's 5 per cent above, while the Norwegian and Finnish prices were 15 per cent above. Danish agricultural prices were thus about 35 per cent below those of Norway and Finland.⁴² This was not only due to geography, climate and soil, but to the size of Danish farms which were bigger in addition to being more modern and efficient. As well, the Nordic agricultural products were more competitive than supplementary. A common Nordic agricultural policy would thus benefit Danish farmers while it might be detrimental to the farmers of the other Nordic countries.

NORDEK met the same fate as the efforts to establish a Nordic customs union in the late 1940's and in the 1950's. Again it was Danish agricultural competition which was feared and hindered further Nordic cooperation. And again it was Norway who was reluctant to enter into a closer relationship with Denmark and Sweden.

At the same time, Finland informed the EC-applicants Denmark and Norway, as well as Sweden, that she was unable to join NORDEK. Finland had to take national security considerations into account, above all her relations with the Soviet Union. Within a NORDEK, Norway and Denmark would have continued as members of NATO, while Sweden and Finland would have remained neutral. No future political union or cooperation in national security or defence was envisaged within NORDEK. Yet, these factors clearly hindered further Nordic cooperation and integration. Moreover, NORDEK might in the future have made arrangements with the EC which would be unacceptable to Finland - and the Soviet Union.

By mid-1970, the choice was not between NORDEK and the EC, as many Danish opponents of the EC claim. NORDEK was dead. Denmark had no alternative but to follow Britain - at that time along with Norway - into the EC. Due to Britain's decision to join the EC, a new situation would exist for Denmark after January 1973, whether or not Denmark joined the Community.

All in all, the advantages of NORDEK seem limited, especially since there already was free trade in industrial goods through Nordic membership in EFTA. In fact, NORDEK appears to be more of a stepping stone to EC-membership or association than a goal in itself.

The future of Danish market prospects, particularly for agriculture, brightened in late 1969 when the EC opened the way for negotiations with the four applicants: Britain, Denmark, Ireland and Norway. The European Communities' decision to open the enlargement negotiations was taken at The Hague Summit in early December 1969. The change in French policy was probably due to several factors. First, France had a new president. Secondly, The Netherlands were unwilling to support further progress in the agricultural sector unless negotiations were opened with the four applicant countries. Thirdly, France wanted to check the growing power of Germany.⁴³ The Federal Republic had so far been fairly successful in its new Ostpolitik and the Deutsche Mark had just been revalued.

A couple of months later, in February 1970, a Community agreement on agriculture was reached, and in May the Council of Ministers decided that negotiations with the four applicant countries could be initiated by the Commission. The negotiations were begun in Luxembourg on June 30, 1970.

At this first meeting between the Commission and the four applicant countries, the Danish Market Minister, Poul Nyboe Andersen, started by saying:

Mr. President,

In May 1967, the Folketing gave the government a mandate to resume the negotiations of Danish membership of the European Communities simultaneously with Britain.

At the same time the Folketing expressed the hope that the other Nordic countries would also be able to find suitable solutions to their relations with the EC.

It is on this basis that I today on behalf of the Danish government present our opinion regarding the great task ahead of us: to provide the framework for European cooperation in the coming decades....

Denmark is prepared to accept the Treaties and the later decisions....

Denmark is also ready to accept the plans for further development of the European Communities, which we think will safeguard the dynamic character of European integration. A further cooperative development in the fields of monetary, economic, industrial and technological policy will here be an essential element in Denmark's view....

Finally, Denmark is prepared to accept the Communities' Treaties' political objectives.⁴⁴

Agreement in principle was reached between Denmark and the Commission in July 1971, a month after Britain had reached agreement with the EC. A number of problems had still not been solved, but agreement regarding a fisheries' agreement was reached in December and thereafter only a few minor problems remained.

For Denmark membership would entail joining the European Coal and Steel Community, the European Economic Community and the European Atomic Energy Community. The Treaty of Accession was formulated thus that Greenland was to become a full member, while the Faeroe Islands would not, unless a declaration to the contrary was made by the Danish government within the first three years of membership.

During the negotiations, Denmark asked if she could be exempted from tariffs on five raw materials: raw tobacco, cocoa beans, raw linseed oil, raw palm oil and lead ore.⁴⁵ Agreement was reached on lead, palm oil and cocoa beans, while linseed oil and tobacco came under the Common Agricultural Policy and could therefore not be exempted.

Denmark welcomed the efforts of European political cooperation, but emphasized during the negotiations that cooperation ought to be of a consultative character and that national security questions should be discussed within NATO. Denmark also stated that she would like to see the role of the European Parliament strengthened. It was also agreed that the Common Nordic Labour Market was not contrary to the Treaty of Rome.

Denmark was willing to join the EC without a transition period, or at least one as short as possible. A transition period of five years was finally established for all the applicants. Tariffs were to be eliminated in five steps of 20 per cent each by July 1, 1977. Moreover, Denmark's contribution to the Community budget was to be

1973:	1.07 %
1974:	1.31 %
1975:	1.55 %
1976:	1.79 %
1977:	2.03 %

Denmark's percentage of the enlarged Community's Gross National Product was a little higher than 2.03 per cent, but Denmark's budget contribution would remain a little lower as long as Britain had a large amount of food imports from third countries.⁴⁶

Denmark was given three votes in the Council, for when voting would be weighted, and she could appoint one Commissioner to the Commission and

one judge to the European Court of Justice. Denmark was given 10 seats in the European Parliament and 9 seats in the Economic and Social Committee.

Concerning the Nordic countries, it was agreed to establish a free trade area for industrial goods between the EC and EFTA, using the same tariff reducing timetable as that between the new EC-members and the original Six.

Danish industrial exports had increasingly become more important and the largest market was Sweden. However, EC-membership meant that Denmark could look south for new markets and according to the Accession Treaty, no new barriers would be created between Denmark and Sweden. In other words, no new obstacles to trade would be created among the original EFTA members.

The Treaty of Accession was signed in Brussels on January 22, 1972. On September 8, 1972, the third reading of the Law Regarding the Accession of Denmark to the European Communities was passed by the Folketing with 141 votes for and 34 against. The Law was signed by Queen Margrethe on October 11, 1972, after the referendum on October 2, where 63.3 per cent had voted for joining the European Communities. On January 1, 1973, the Treaty of Accession came into effect, and Denmark became a member of the EC, along with Britain.

An important objective in Denmark's Market Policy had been achieved. After the transition period, 16 European countries would form a free trade area for industrial goods, while the nine EC countries would have a Common Agricultural Policy. Denmark's accession to the EC has meant that Denmark no longer has an independent Market Policy, due to the Common External Tariff and the Common Commercial Policy. Consequently, Denmark's

Market Policy has been replaced by the policies Denmark now pursues within the European Communities. The next chapter will examine the internal dimension of Denmark's Market Policy, whereas the following chapter will examine the policies Denmark now pursues as a member of the EC, this study focussing on six vital economic sectors in order to reveal changes brought about by membership of the EC.

Chart 3. Denmark's Agricultural Exports

Chart 4. Denmark's Industrial Exports

Source: Peter Hansen, "Adaptive Behavior of Small States: The Case of Denmark and the European Community" in Sage International Yearbook of Foreign Policy Studies, Vol. 11, 1973

Chart 5. Composition of Danish Exports 1950-1970

Chart 6. Destination of Total Danish Exports

	1950 100%	1960 100%	1970 100%	
Nordic countries	13%	16%	27%	Nordic countries
UK	42%	27%	19%	UK
Rest EFTA	3%	19%	5%	Rest EFTA
Germany	17%	9%	12%	Germany
Rest EC	8%	9%	10%	Rest EC
US	2%	9%	8%	US
Other countries	15%	18%	19%	Other countries

Source: Peter Hansen, "Adaptive Behavior of Small States: The Case of Denmark and the European Community" in Sage International Yearbook of Foreign Policy Studies, Vol. 11, 1973

Chapter Three: Denmark's Market Policy 1945-1973

References and Notes

1. Toivo Miljan, The Reluctant Europeans. The Attitudes of the Nordic Countries towards European Integration, Montreal, McGill-Queen's University Press, 1977; see also Nils Andrén, "Nordic Integration", Cooperation and Conflict, No. 1, 1967, pp. 1-25; Gunnar P. Nielsson, "The Nordic and the Continental European Dimensions in Scandinavian Integration: NORDEK as a Case Study", Cooperation and Conflict Vol. 6, 1971, pp. 173-181.
2. Amitai Etzioni, Political Unification, New York, Holt, Rinehart and Winston Inc., 1965, pp. 209-210; Miljan, The Reluctant Europeans, p. 91.
3. Gunnar P. Nielsson, "Denmark and European Integration: A Small Country at the Crossroads". Unpublished Ph.D. dissertation, University of California, Los Angeles, 1966, p. 246.
4. Niels Jørgen Haagerup, A Brief Introduction to Danish Foreign Policy and Defence, Forsvarets Oplysnings- og Velfaerdestjeneste, Copenhagen, 1975, pp. 8-9.
5. Nielsson, "Denmark and European Integration", p. 249.
6. Ibid., p. 250.
7. Nordisk Økonomisk Samarbejde, Report of the Joint Nordic Committee for Economic Cooperation, Copenhagen, 1950, p. 43, as cited in translation by Nielsson, "Denmark and European Integration", pp. 250-251.
8. Nielsson, "Denmark and European Integration", p. 253.
9. Ibid., p. 254.
10. Foreningen Norden (The North Association). Associations formed in Denmark, Norway and Sweden in 1919, Iceland in 1922, Finland in 1924 and on the Faeroe Islands in 1951, to support Nordic cooperation and understanding. Foreningen Norden, with 500 local branches throughout the Nordic countries, is headed by a national organization in each country.
11. see Etzioni, Political Unification, chapter 6, "A Stable Union: The Nordic Associational Web".
12. Leon N. Lindberg and Stuart A. Scheingold, Europe's Would-Be Polity, Englewood Cliffs, New Jersey, Prentice-Hall Inc., 1970, pp. 12-13.

13. Lindberg and Scheingold, Europe's Would-Be Polity, p. 13.
14. F. Roy Willis (Ed.), European Integration, New York, New Viewpoints, 1975, p. 22.
15. Ibid., p. XII.
16. Nielsson, "Denmark and European Integration", pp. 290-291.
17. Ibid., p. 310.
18. Miljan, The Reluctant Europeans, pp. 118-119.
19. Peter Hansen, "Denmark and European Integration", Cooperation and Conflict, No. 1, 1969, p. 32.
20. Nielsson, "Denmark and European Integration", pp. 480-481.
21. Peter Hansen, "Denmark and European Integration", p. 40.
22. Nielsson, "Denmark and European Integration", p. 490.
23. Ibid., p. 484.
24. James Arthur Merrill, "The Effect of the European Economic Community on Trade with Denmark". Unpublished Ph.D. dissertation, Columbia University, New York, 1976, p. 19.
25. Lindberg and Scheingold, Europe's Would-Be Polity, p. 13.
26. Humphrey Trevelyan, "Towards a British Role in Foreign Affairs", International Affairs Vol. 54, No. 2, April 1978, pp. 203-219; William Wallace, "After Berrill: Whitehall and the Management of British Diplomacy", International Affairs Vol. 54, No. 2, April 1978, pp. 220-239.
27. "Mellem brødre", Aktuelt (Copenhagen), June 30, 1961, cited in Nielsson, "Denmark and European Integration", p. 531.
28. Miljan, The Reluctant Europeans, p. 175.
29. Danmark og de europæiske markedsplaner, Ministry of Foreign Affairs and The Economic Secretariat, Copenhagen, 1958.
30. Danmark og De europæiske Fællesskaber, Udvalget vedrørende Danmarks forhold til De europæiske Fællesskaber, Copenhagen, 1968.
31. see Svend Auken, Jacob Buksti and Carsten Lehmann Sørensen, "Denmark joins Europe: Patterns of Adaptation in the Danish Political and Administrative Processes as a Result of Membership in the European Communities", Journal of Common Market Studies Vol. XIV, No. 1, September 1975.

32. Hans Christian Johansen, Udenrigshandel og Betalingsbalance, Copenhagen, Nyt Nordisk Forlag Arnold Busck, 1975, p. 23.
33. Ibid., pp. 25-26.
34. Ibid., p. 31.
35. Nielsson, "Denmark and European Integration", pp. 563-564.
36. Miljan, The Reluctant Europeans, pp. 170-171.
37. Nielsson, "Denmark and European Integration", pp. 591-592.
38. Peter Hansen, "Denmark and European Integration", p. 42.
39. Ibid., p. 42.
40. Hvad er EFTA?, Dansk Informationskomité for markedsspørgsmaal, Copenhagen, 1968, pp. 17-18.
41. see Sven Ove Gade, Nordisk Union?, Udenrigspolitiske Skrifter Vol. 8, No. 2, 1968, Copenhagen, Det danske Forlag, 1968; Nielsson, "The Nordic and the Continental European Dimension in Scandinavian Integration: NORDEK as a Case Study", pp. 173-181.
42. Gade, Nordisk Union?, p. 16.
43. Karl W. Deutsch et al., Arms Control and European Unity: Elite Attitudes and their Background in France and The German Federal Republic, New Haven, Conn., Yale University, A Study of January 1966, pp. 42 and 95.
44. Speech by Economics and Market Minister Poul Nyboe Andersen at the first meeting between the European Communities and the four applicant countries in Luxembourg, June 30, 1970, Annex 1/1 in Danmark og de Europæiske Fællesskaber, Udvalget vedrørende Danmarks forhold til De europæiske Fællesskaber, Copenhagen, 1971, pp. 351-352.
45. "Det danske forhandlingsresultat", Romtraktaten, Copenhagen, EF-forlaget, 1971, p. 133.
46. Ibid., p. 162.

Chapter Four: The Internal Dimension of Denmark's Market Policy

The aim of this chapter is to elucidate the internal dimension of Denmark's Market Policy, that is, to explain Danish attitudes towards the EC, above all the different positions of political parties and interest groups. First we will look at a theoretical framework which by and large explains the split between EC-supporters and opponents. Then we will in turn shed light upon the positions of the various political parties, major interest groups, the EC-referendum and public opinion. This account is brief, but it is nevertheless essential for an appreciation of the external Market Policy.

The split between EC-supporters and opponents in Denmark might be explained by two sets of variables: the left-right conflict and the urban-rural conflict, both arising from differing economic interests.¹ The urban-rural conflict is basically the divergent interests in the market place of, on the one hand, farmers and fishermen, and on the other hand, various urban groups and consumers, over the control of prices, taxes and subsidies. Greater support for the EC is generally found in the rural areas, than in the cities. The Six had a higher price level for agricultural products than Denmark, and thus the efficient export-oriented Danish farmers saw it to their advantage to gain access to the Common Market, while the consumers, especially low-income groups, feared that the price of food would increase with Danish membership of the EC. The urban-rural conflict also has what might be called a centre-periphery dimension. Looking at Copenhagen as the centre of the country, support for the EC increases the further one moves away from the centre. In the Danish Common Market referendum the majority of Copenhageners voted against membership, while

in large rural parts of Jutland, the vote was nearly unanimous for joining the Community. The farmers were the first in Denmark to advocate EC-membership, the Agricultural Council and Venstre, traditionally the political party of the farmers, already suggested back in 1957, that Denmark should consider signing the Treaty of Rome.

The split between the EC-supporters and opponents in Denmark can also be explained by the left-right conflict. In other words, the strongest support for EC-membership is found on the right ~~of~~ the political spectrum among the so-called bourgeois parties, while the strongest opposition is found on the left, especially the far left. The political parties on the right, supported by industry and agriculture, want Denmark to be part of and to have access to the Common Market, above all agriculture because of the Common Agricultural Policy. The three socialist parties to the left of the Social Democratic Party are all against EC-membership because membership is perceived as a hindrance to the development of socialism in Denmark. The European Community is seen as one last attempt to prop up capitalism to the detriment of the working class. The basic philosophy behind the Treaty of Rome, they argue, is liberalism and not socialism. There is, however, one exception to this pattern, and that is the small extremely liberal Georgian Single Tax Party, which is against EC-membership because the Community conducts what it considers a protectionistic commercial policy and a state-directed industrial, fisheries and agricultural policy.

If the two sets of variables are considered jointly, then the typical strong EC-supporter would be a farmer in Jutland who votes for the liberal party Venstre, while the typical EC-opponent would be a worker in Copenhagen who votes for one of the three socialist parties to the left of the Social Democratic Party. Similarly, they would be supported by their

respective professional organizations, the Agricultural Council being a strong supporter of EC-membership, whereas the National Trades Union Centre had doubts about the European Community, several of the large labour unions even coming directly out against EC-membership.

The middle class in the cities, and their Conservative Party, are also strong supporters of EC-membership. Their support must be explained by the left-right variable, as it cannot be accounted for by the urban-rural conflict. Otherwise, these two sets of variables go a long way in explaining the split between EC-supporters and opponents in Denmark.

Even though many might generalize and say that the left-right conflict as well as the urban-rural conflict explain support for and opposition to the European Communities in Denmark, it should be noted that this generalization cannot be applied to for instance Norway.² In Norway, the farmers and the fishermen were against EC-membership as they felt they could only lose, Community and Danish farmers being more efficient. The Norwegian fishermen did not want to share their long coastline with that of foreign fishermen. In contrast to Denmark, both Norwegian farming and fishing were heavily subsidized by the government. Similarly, the less efficient German farmers had originally been against the establishment of the Common Agricultural Policy, as they had feared competition from Dutch and French farmers.³

In terms of the urban-rural conflict, the situation in Norway was nearly the opposite of that in Denmark.⁴ In looking at Oslo as the centre of the country, opposition to EC-membership increased the further one moved away from the centre. The left-right conflict too is not as clear, as there was what has been referred to as the red/green alliance between workers and farmers.

One should easily be able to compare Norway and Denmark, as both are small nations located in Northern Europe, similar in political and social structure with basically the same cultural heritage, their languages merely being two different dialects. In foreign policy they have traditionally pursued similar policies, both joining NATO.

In addition to their economic differences, there are as well important differences with regard to history and geography. Historically, Norway was for centuries dominated by either Denmark or Sweden, regaining her complete independence only in 1905. Geographically, Norway is situated on the periphery of Europe in a more isolated location, while Denmark is located closer to the political, economic and cultural centres of continental Europe. The Danes might therefore be more "continental" than the Norwegians. While both the Danes and the Norwegians are very nationalistic, the Danes might be less xenophobic.⁵ Norwegian nationalism is probably due to the fact that Norway attained national independence so recently,⁶ but the Norwegian sub-cultures on the south and west coast also play a part, as here religion and language are important.⁷ On the coast the temperance movement is very strong and their language is related to that of Iceland, while the Norwegian spoken in Oslo is more akin to Danish. EC-membership was perceived as a threat not only to Norwegian sovereignty, but to the existence of this sub-culture. The same might be said about the Faeroe Islands, another sub-culture with its own language, which comes under the Danish crown, but has home rule. The Faeroe Islands chose not to join the EC, and they are not part of the European Community, while Greenland is, as a province of Denmark.

The EC-opponents in Denmark certainly saw EC-membership as a threat to Danish sovereignty and culture. The opponents are indeed very stout

nationalists. The point here, however, is that the Common Market Debate in Denmark was to a very large degree economic. The Danes, long time traders and merchants, are very materialistic, and EC-membership was considered in terms of economic benefits and disadvantages.⁸ The Danes did not join the EC to help build a united Europe. If anything, membership was perceived as a political threat which had to be weighed against economic advantages. The Market Debate did not centre around whether or not it was an economic advantage to join, but how much of an advantage. The EC-opponents therefore focussed on the political threats, which from their national and ideological point of view indeed was overwhelming. The Market Debate was not always based on facts and logic. The supporters thought that the Danes would certainly vote for membership if they knew more about the Community, and thus the supporters published much more material with facts and figures than did the opponents. The debate was often emotional, frequently making normal arguing and reasoning impossible. To a certain degree the EC-referendum campaign thus became a fight for the heart and soul of the Danes. To assess nationalism and the level of emotional content as a factor in the Market Debate is extremely difficult. Differing economic interests probably lend themselves more readily to analysis. However, as we shall see, it was the opposition on the far left which was the most nationalistic.

It seems that in Western Europe in general, the socialist parties are more nationalistic than the bourgeois parties. The European Coal and Steel Community was established by predominantly bourgeois governments.⁹ The Social Democratic Party in Germany was against Germany joining the ECSC as it could hinder German unification and further strengthen the division of the country. It was also a British socialist government which declined the

offer to join the European Coal and Steel Community. In the North, most of the Nordic governments have in the post-war period been dominated by the Social Democratic Party; this could perhaps to some extent explain Scandinavian reluctance to joining 'Europe'.

The EC-opponents in Denmark did of course also argue in economic terms, pointing out that membership would only be an economic advantage in the short run, as the agricultural sector on the continent would gradually be modernized and eventually become self-sufficient. Moreover, the industrialization of Denmark was making agriculture less important for Denmark herself.

All in all, the right-left conflict as well as the urban-rural conflict in the case of Denmark, go a fairly long way in explaining the split between EC-supporters and opponents, at least these two concepts help in making the Danish political system seem less confusing.

To many outsiders, the Danish political system with more than two major parties invariably looks confusing. The Danish multi-party system with a dozen parties on the ballot and five to eleven parties in parliament must seem positively chaotic. However, the Danish political system is actually quite orderly and organized, the different parties representing different groups: farmers, business, labour or different ideas. A key word is cooperation, as the governing party must always be able to count on the support of at least one other party. Since World War I, there has only been coalition or minority governments, each political party must therefore be willing to cooperate if it wants to exert influence and power in parliament.

Another characteristic of the Danish political system is stability.¹⁰ Changes have come through reform. The King and the ruling class have been

flexible enough to avoid a revolution and today Denmark has progressed further socially than most European countries where they had a revolution. The monarchy represents continuity and not suppression, as is generally the case in the other monarchies of North Western Europe. Indeed, at times changes came from above, 'progress' actually being imposed on Danish society. This is perhaps still the case today where the members of the Folketing seem to be ahead of or more liberal than the rest of the population.¹¹ Furthermore, Danish reformers have usually been pragmatic in their approach, seldom have they been dogmatic revolutionaries. It is not that they have disdained theories, but that they have been apt to respect reality more.¹²

The Danish king was originally elected by the Viking chieftains, but as the kings strengthened their position and Denmark in reality became a hereditary monarchy, the Danish nobles forced the king to sign a coronation charter, much as was done in other European countries. Danish law and ultimately the constitution evolved from these coronation charters. However, after her crushing defeat in the Second Swedish War in 1660, Denmark became an absolute monarchy. It was imperative that the kingdom be strengthened and centralized in order to avoid its collapse. At the same time the bourgeoisie started to play a much greater role in society. During the Enlightenment several reforms were made, primarily in agriculture. In the early nineteenth century, consultative provincial assemblies were created, mainly to placate the rising German nationalism in the Duchies of Slesvig and Holstein, the kingdom thus being decentralized. Finally in 1849, Denmark received her first modern written constitution. It has been changed by parliament and people, by referendum, several times since, last in 1953.

The 1953 Constitution created a unicameral Folketing consisting of 179 members, including two elected on the Faeroe Islands and two in Greenland. A new article in the 1953 Constitution permitted certain powers, which under the Constitution are the prerogative of the government, to be delegated to certain international authorities established to further international law and cooperation. Article 20 permits powers vested in the constitutional authorities to be delegated to international bodies if the mandate is either passed by a five-sixths majority in the Folketing, or in the case of a single majority, upheld in a referendum according to Article 42 of the Constitution, which stipulates that a bill is affirmed unless it is rejected by a majority constituting not less than 30 per cent of the total electorate.¹³ The adoption of this article indicates that despite the general indifference to European federalistic schemes in the 1950's, the trend toward a partial merging of national sovereignty had made some impact on Danish politicians. Its introduction hardly signified that Denmark expected to participate in these efforts, but rather that Denmark wanted to avoid intricate constitutional amendments in the hypothetical case of Danish participation at a later time.¹⁴

The Danish political system is a parliamentary system, whereby the government must enjoy the confidence of the majority of the members in the Folketing. The distribution of seats in the Folketing is according to proportional representation, each party being accorded roughly the same percentage of seats as the percentage of popular votes would indicate. Denmark does, however, have a threshold clause. To be represented in the Folketing, a party must either win a constituency seat, obtain at least 2 per cent of the total valid votes cast, or obtain, in at least two of

of the three electoral districts, as many votes as the average number of votes per constituency seat. Of these, the 2 per cent threshold clause is usually the most important.¹⁵

Proportional representation has in Denmark encouraged the development and maintenance of a multi-party system. The Folketing has in the post-war period been divided more or less equally between the socialist and bourgeois parties, usually giving the bourgeois parties a small majority. Nevertheless, the Social Democratic Party, the largest, has for the most part formed the government, relying on parliamentary support from one or more bourgeois parties. Legislation is therefore often a compromise. The bourgeois parties have in this way been able to influence policy. The Social Democrats have usually not been willing to rely on support from the parties to the left of them, as they are too radical and dogmatic for the reformist Social Democratic Party. In regard to foreign policy, for instance NATO and the EC, the split in the Folketing is not found between the socialists and the bourgeois parties, but between the Social Democrats and the bourgeois parties on the one hand, and on the other, the parties to the left of the Social Democratic Party.¹⁶ One exception is the Radical Party, which was opposed to membership of NATO, at least up until 1960. Otherwise the various governments' foreign policy have usually enjoyed wide support in the Folketing.

In Denmark, the Conservatives, the Liberals, the Social Democrats and the Radicals are referred to as the four old parties, as these parties have formed the various governments since World War I.¹⁷ Other political parties would from time to time also be represented in the Folketing, most notably the Socialist People's Party since the 1960 election. From

the turn of the century and until 1960 it was possible to speak of basically a four-party system, as the four old parties were supported by about 90 per cent of the voters.¹⁸ After 1960, the Danish political system would have to be considered a five-party system.

Since around 1900, the trend has been for the Social Democratic Party to increase gradually its share of the votes, while votes for the Liberals have decreased. After 1945, the net shifts in voting have been minimal and the size of the political parties in the Folketing have remained fairly constant. During the 1950's, the net shift in votes from one party to another in national elections was 2 to 4 per cent, while in the 1960's it was about 10 per cent. The system was in the post-war period characterized by stability, even though the net shifts in percentages of votes among the various political parties was increasing. In the 1966, 1968 and 1971 elections, the net shifts were over 10 per cent.¹⁹ Finally in the 1973 election, the net shift was about 30 per cent, and ten political parties came to be represented in the Folketing, a revolutionary change in Danish parliamentary history.

Most observers of Danish politics maintain that this dramatic change was due to many voters' feeling of mistrust, that is, the existence of a gap of confidence between political leaders and the public, in general the perceived political powerlessness of the non-establishment vis-à-vis the establishment, a cleavage beyond the traditional party cleavages.²⁰ This cleavage was already observable a year before in the EC-referendum.²¹

Secondly, the election of the Progress Party and the Centre Democrats have been seen as a protest against the status quo and above all against the welfare state; a protest against socialism, bureaucracy and high taxes.²²

Chart 7. Elections to the Folketing (Number of Seats Obtained in the Folketing)

Political Party	SEPT 1953	MAY 1957	NOV 1960	SEPT 1964	NOV 1966	JAN 1968	SEPT 1971	DEC 1973	JAN 1975	FEB 1977
<u>Social Democrats</u>	74	70	76	76	69	62	70	46	53	65
<u>Liberals</u>	42	45	38	38	35	34	30	22	42	21
<u>Conservatives</u>	30	30	32	36	34	37	31	16	10	15
<u>Radicals</u>	14	14	11	10	13	27	27	20	13	6
<u>People's Socialists</u>	-	-	11	10	20	11	17	11	9	7
<u>Single Tax Party</u>	6	9	0	0	0	0	0	5	0	6
<u>Progress Party</u>	-	-	-	-	-	-	-	28	24	26
<u>Centre Democrats</u>	-	-	-	-	-	-	-	14	4	11
<u>Left Socialists</u>	-	-	-	-	-	4	0	0	4	5
<u>Communists</u>	8	6	0	0	0	0	0	6	7	7
<u>Christian Party</u>	-	-	-	-	-	-	0	7	9	6
<u>Others</u>	1	1	7	5	4	-	-	-	-	-

Source: Folketinget Haandbog 1977, Published by the Presidium of the Folketing, Copenhagen, 1977, pp. 296-299.

Political Parties

The Liberal Party (Venstre, Danmarks liberale parti), traditionally the farmers' party, although it is far from being a pure farmers' party, is a liberal party and it is perhaps the strongest supporter of EC-membership, mainly due to the Community's Common Agricultural Policy. The Liberals are the 'Europeans' among the Danish political parties. They did not regard closer Nordic economic cooperation as a realistic alternative to EC-membership, as was envisaged in the Nordic Common Market proposals: NORDEK.

There are no formal links between the Liberals and the Agricultural Council, but there are significant personal links as agricultural leaders have frequently held important posts in both the party and the Council. Just as the Agricultural Council was the first interest group to advocate EC-membership, it was the Liberal Party which first pressed for joining the EC. It was also the Liberal Party which repeatedly pressed for the inclusion of agriculture in the various market proposals which were considered in the 1950's and 1960's in the OEEC, EFTA and The North.

The Liberals would like to see the establishment of a liberal decentralized United States of Europe.²³ As they feel that there is a clear relationship between market policy and security policy, Denmark must, as a small power, adapt herself to the international system, making the most of it in the interest of Denmark.

The Conservative Party (Det konservative Folkeparti) represents the interests of the self-employed, business and industry. Although the Conservative parliamentary group has contained more pronounced 'Europeans' than any other parliamentary group, the party has a pronounced Atlantic orientation, as security issues have traditionally been given high priority.

2

The Conservatives have always had a positive attitude towards Western European integration, and favour a decentralized United States of Europe.²⁴

The Conservative Party has, more than the Liberal Party, focussed on the positive political, security and ideological aspects of European integration. This might be partly due to the fact that it has been difficult to coordinate the divergent economic interests in a coherent market policy, Sweden being the largest market for industrial exports. Moreover, Denmark's tariff structure differed widely from that of most other European countries, until it was changed in 1960.

The Social Democratic Party (Socialdemokratiet) has traditionally been a working class party with strong ties to the labour unions. It has a tendency to stress the importance of Nordic cooperation and it wants to keep trade interests and security interests distinct and apart. The Social Democrats do not envisage a United States of Europe, but see EC-membership primarily as economic cooperation, where they are willing to go quite far, including Economic and Monetary Union. Despite its Marxist origins, the Social Democratic Party has long ago scrapped all references to the class struggle, dictatorship of the proletariat and nationalization, and instead strives for free trade and for free enterprise controlled through legislation as well as through economic democracy and worker participation in the decision-making process.

The Social Democratic Party has long been divided in regard to EC-membership, both in the Folketing and among the rank and file members. A majority has been for EC-membership, but the left wing of the party, supported by many of the unions, has been against. Economically, many in the Party felt that membership would favour the farmers at the expense of the workers. Politically, many Social Democrats preferred a Nordic

orientation instead of closer cooperation with, above all, Germany. Britain's decision to join, as well as that of Norway, made EC-membership seem less dangerous.

The political party, The Centre Democrats (Centrum Demokraterne), was formed shortly before the 1973 national election, when Erhard Jacobsen, Mayor of a Copenhagen suburb and a well-known television personality, representing the Social Democrats in the Folketing, resigned and formed his own party with other members from the right wing of the Social Democratic Party. Two main issues were the alleged leftist orientation of Denmark's Broadcasting Corporation (Danmarks Radio) and housing policy, where Jacobsen wanted to relieve the homeowners' tax burden, while the Social Democratic Party wanted to increase it. The Centre Democrats, in complete contrast to The Single Tax Party, want to abolish all property taxes, for houses as well as for farm land.²⁵ This would lower interest rates and would give more people a chance to own their own home. It would also, they argue, give industry and agriculture a lower cost level of production. Instead indirect taxes should be increased. The Centre Democrats are strong supporters of both NATO and the EC, and in the European Parliament in Strasbourg their representative sits with the European Conservative Group.²⁶

The Progress Party (Fremskridspartiet), started by Mogens Glistrup, first ran in the 1973 national election, surprisingly overnight becoming the second largest party in the Folketing after the Social Democrats. It is a radical protest party, protesting against the welfare state. The Progress Party calls for lower taxes, less bureaucracy and less public spending. It accepts Danish membership in NATO and the EC. The Progress Party's program vis-à-vis the Community is similar to its domestic policy.

Accordingly, Denmark must veto all Commission proposals which will increase the Community budget or bureaucracy. All forms of subsidies and aid must be abolished, including regional aid and development aid, and free enterprise and free trade must be restored. The primary objectives should be thrift and efficiency. Due to its radical position and due to millionaire Mogens Glistrup's more or less successful tax evasion, the Progress Party is a sort of pariah in Danish politics.²⁷

The Radical Party (Det radikale Venstre) is the only major political party in Denmark which is not based on class interests, even though it has been supported to a great extent by small farmers and intellectuals. The Radical Party's programme is based on two main ideas: a liberal-socialistic conception of society, and a very critical attitude towards defence spending and the military in general.²⁸ Former Foreign Minister Peter Munch, one of the founders of the Radical Party, was a pacifist. The Radical Party represents the reminiscences of traditional Danish neutralism, but has since about 1960, only reluctantly, acquiesced to NATO membership. The Radical Party is strongly Nordic in orientation, as was clearly demonstrated in 1968, when the first political initiative of the newly elected Radical Prime Minister, Hilmar Baunsgaard, was to initiate negotiations for a Nordic Common Market: NORDEK. The Radicals have generally found the political, social and cultural traditions of the European continental states incompatible with Nordic values, preferring even an Atlantic orientation in foreign policy over a strictly European orientation.

The Radical Party firmly rejected isolated membership of the EC without Britain, maintaining that Danish membership must only be in conjunction with Britain, for both political and economic reasons.

EC-membership was supported with considerable reluctance, the Radical Party nearly splitting almost equally in half over the question of joining the Community.

The Radical Party opposes the idea of the EC developing into a political or defence Community.²⁹ The aim within the EC must be free trade, for industrial as well as for agricultural products. The Radical Party would like to envisage the EC as a step in the direction of an International Economic Community.

The Christian People's Party (Kristeligt Folkeparti) is relatively new, being the only party to combine religion and politics, something which for many years was unheard of in Danish politics. Its appearance is probably due to the easier access to abortion and pornography. The party's aim is to restore Christian morals and values.³⁰ It can be considered a bourgeois party, accepting both NATO and EC-membership.

The programme of the Single Tax Party (Retsforbundet) is based on the ideas of the American economist and politician Henry George. The Single Tax Party wants all increases in rental income on land to be taxed away, enabling the Danish state to be financed, in principle, by one tax only, thereby avoiding the distortions caused by the multiple taxation of different economic activities. Money would in this way not be invested in unproductive land, but in production. In addition, and still according to Henry George, the Single Tax Party is a stout believer in free trade and a strong opponent of protectionism.

The Single Tax Party is the only bourgeois party to oppose vehemently EC-membership. It wants Denmark out. It is against membership because the EC conducts a protectionistic commercial policy instead of free trade, and because it conducts a state-directed agricultural and industrial policy.

Denmark has a higher living standard than any of the other Eight, so why be a member of the EC, which means protectionism and the increase of the value of land, especially agricultural land. The Single Tax Party consequently points to the Nordic Alternative. To the south the dominant trend is centralism, while in the North the traditional theme has been open, free and voluntary cooperation among sovereign nations.

The three socialist parties to the left of the Social Democratic Party are also against EC-membership. The Communist Party of Denmark (Danmarks Kommunistiske Parti) is a practically oriented party which follows Moscow. It is against Danish membership in both NATO and the EC. In fact the EC is seen as a tool of NATO and American imperialism, whereby capitalism in Europe is propped up in order to exploit European workers.

The Socialist People's Party (Socialistisk Folkeparti) was formed in 1958, when the leader of the Communist Party, Aksel Larsen, was expelled because he criticized Soviet policies in Hungary. He formed his own party, taking with him most of the party members. The Socialist People's Party is a Danish socialist as well as democratic party, which wants to change Denmark into a socialist society by parliamentary means. It has therefore at times been willing to cooperate with the Social Democratic Party, and it has seldom been willing to overthrow a Social Democratic government, despite ideological differences.

The Socialist People's Party is against NATO and EC-membership, which are both a threat to Danish sovereignty and independence. The Party points to the Nordic Alternative, where it would like to transform the Nordic Council into a Nordic Parliament. The Socialist People's Party's representative in the European Parliament, who is against EC-membership, sits with the Communist and Allied Group.

The Left Socialist Party (Venstre Socialisterne) was formed in 1967, when a faction within the Socialist People's Party broke out and formed their own party. It is a much more theoretical and dogmatic party than either the Communist Party or the Socialist People's Party, and it criticizes both of these for being reformist and nationalistic. The Left Socialist Party is a revolutionary party, believing that the party must in the class struggle be the avant-garde of the working class, even though most of its supporters are probably students and academics. Contrary to both the People's Socialists and the Communists, the Left Socialists are against state aid, as subsidies only further support the rich capitalists. The party is of course against Danish membership of both NATO and the EC, not because membership is a threat to Danish culture, sovereignty or interests, as this line of argument only disguises the true class struggle in Denmark, but because membership is profitable for the ruling class, the industrialists and farmers, at the expense of the working class. Unlike the Communists and the People's Socialists, the Left Socialists reject nationalism and the display of the Danish flag, preferring a strictly revolutionary approach and the red banner. The Left Socialist Party is not a strong supporter of the Nordic Alternative to EC-membership, as this is just another capitalistic alternative.

Dividing the political parties in Denmark into supporters and opponents of EC-membership, the dividing line on the political spectrum, with the exception of the liberal Single Tax Party, falls between the Social Democrats and the three parties to the far left. However, many Social Democrats and Radicals are also against membership, so these parties cannot be said to be strongly in favour. In general, the further

Chart 8. Political Party Attitudes towards EC Cooperation 1975-1976

(+ = positive attitude; - = negative attitude)

Areas of Cooperation:	Political Parties									
	LIB	CD	CONS	PRG	CHR	SD	R	SP	LS	COM
(1) <u>Established</u>										
customs union	+	+	+	+	+	+	+	-	-	-
agricultural policy	+	+	+	+	+	+	+	-	-	-
trade policy (towards 3rd countries)	+	+	+	+	+	+	+	-	-	-
assistance to LDCs	+	+	+	-	+	+	+	+/-	-	-
(2) <u>Planned</u>										
economic policy	+	+	+	+	+	+	+	-	-	-
monetary policy	+	+	+	+	+	+	+	-	-	-
energy policy	+	+	+	+	+	+	+	-	-	-
industrial policy	+	+	+	+	+	+	+	-	-	-
labour market policy	+	+	+	+	+	+	+	-	-	-
regional policy	+	+	+	+	+	+	+	-	-	-
environmental policy	+	+	+	+	+	+	+	-	-	-
educational policy (incl. research)	+	+	+	+	+	+	+	-	-	-
(3) <u>Not included</u>										
foreign policy	+	+	+	+	+	+	+	-	-	-
weapon industrial policy	+	+	+	+	+	+	-	-	-	-
security policy	+	+	+	-	-	-	-	-	-	✓
military policy	+	+	+	-	-	-	-	-	-	-

Source: Karen Siune and Carsten Lehmann Sørensen, "Is the Theory of European Integration Dead or Alive? The Case of Danish Political Parties", paper prepared for the European Consortium for Political Research Session in Louvain, April 1976. (Mimeographed).

one moves right on the political spectrum, the greater is support for the EC, while the far left is unanimously against membership. Karen Siune and Carsten Lehmann Sørensen have plotted ten political parties according to their stand on various Community policies. Hence they were able to divide the EC-supporters into federalists and confederalists. They found that the Liberals, Conservatives and the Centre Democrats are federalists, while the other pro-Community parties must be considered confederalists.³¹

Interest Groups

In Denmark political parties do not consider themselves above partisan politics or interest groups, on the contrary, the political parties represent different interest groups. Consequently there is a close relationship between for instance, the Labour Movement and the Social Democratic Party, between business and industry and the Conservative Party, and between the farmers and the Liberal Party. The farmers' voice is heard not only in the Agricultural Council, but also in the Liberal Party, as well as in the Folketing. The relationship between the Social Democratic Party and the Trades Union Centre is very close, as each has at its disposal two places on each others executive committee.³² Financially, the Trades Union Centre supports both the Social Democratic press as well as the Social Democratic Party's election campaigns.

It is at times extremely difficult to keep interest groups separate from the political parties, the Folketing and the government, as interest groups reach right into these structures. Leon N. Lindberg writes that, "throughout Europe, the American bias against "pressure group politics" is not shared, the relationships between interest groups and the

government bureaucracy and between interest groups and political parties being quite close and formalized."³³ This is also the case in Denmark. Interest groups in Denmark are as a rule highly organized, covering the whole country through a federation if they have local branches. Since they are often represented in political parties or have institutionalized access to the government, there is no great need for 'lobbying' in the American sense.³⁴ From this we can conclude that Danish interest groups are indeed influential, although it might be very difficult to assess exactly to how great an extent.

In looking at the position of interest groups vis-à-vis EC-membership we might focus on three major interest groups: agriculture, industry and labour; that is, the Agricultural Council (Landbrugsraadet), the Federation of Industries (Industriraadet) and the National Trades Union Centre (Landsorganisationen i Danmark). Their positions are very similar to the political party which they usually support. The Agricultural Council consistently pressed for EC-membership, the Federation of Industries was moderately in favour, while the Labour Movement was split over the question of EC-membership.

The Agricultural Council decided in favour of EC-membership almost before other Danish interest groups had started thinking about it. Already in December 1956, four months before the Treaty of Rome was signed, the Agricultural Council voiced the demand for Danish participation in the EEC.³⁵ Membership was advocated in the Council's 1957 Annual Report as well as in subsequent Annual Reports. EC-membership, preferably in conjunction with Britain, would mean that Danish farmers would have access to their traditional markets in Britain and Germany on an equal footing. Moreover, in the EC, the prices were higher and the farmers were generally less efficient in comparison to Denmark.

For Danish farmers, EFTA was no alternative, as within EFTA the focus was on free trade in industrial goods. Similarly, there was no Nordic alternative, the other Nordic countries fearing Danish agricultural competition, therefore consistently rejecting the inclusion of agriculture in any form of Nordic economic cooperation.

The Agricultural Council believes in free trade in agricultural products and it is perhaps the strongest and most centralized farm federation found in any of The Nine. Leon N. Lindberg found the Dutch and German farm unions to be the strongest and most centralized in The Six.³⁶ In comparison to the Danish Agricultural Council we find, however, that the Dutch farm unions are divided into the Catholic KNBTB, the nonconfessional KNLC and the Protestant NCBTB, while on the other hand, the policies advocated by the strong and centralized Deutscher Bauernverband must be considered protectionistic. Further, German farms are still today smaller than Danish farms, the holdings even being spread out over several scattered plots.³⁷

The strong position of the Danish Agricultural Council is due to the fact that agricultural products were for years the most important Danish export in addition to the major foreign exchange earner. Needless to say, the strong position of the farmers was due to their being well organized economically and politically. Since World War I, about half of the Liberal members in the Folketing have been farmers.³⁸ Moreover, the Agricultural Council administered the production, price and marketing of Danish agricultural exports. Indeed, the Council nearly had a monopoly on all relevant information about agriculture in Denmark, an ideal situation for any interest group.³⁹

Even though the Agricultural Council would like to present a picture of Danish agriculture being united, the Council basically represents the

farmers with large holdings. The smallholders, whose organization Husmandsforeningerne had its origin as a social and cultural movement, expressed strong aversion to Denmark joining the EC without Britain.⁴⁰

The Agricultural Council has also been able to exert more influence and power than the Federation of Industries. Practically all farmers are members of a farm organization, which represents not only their farm, but their family. On the other hand, the Federation of Industries represents only a few thousand corporations - or the interests of management. They represent capital, but not necessarily the workers it has been argued.

In comparison to the Agricultural Council, it was much more difficult for the Federation of Industries to articulate a precise market policy, as the various members had divergent interests. Some members were export-oriented, whereas others produced mainly for the home market. While the Federation recognized as early as 1957, that Denmark could not stand aloof and isolate herself from the larger European market formations, the Federation preferred a free trade arrangement to a customs union. Danish industry was to a great extent based upon duty free imports of raw materials and finished products. Joining the EC would entail imposing a tariff and it would mean higher food prices, which in turn would raise the cost level of industry. Moreover, a considerable number of Danish industries were sub-contractors or suppliers of parts to firms abroad. As well, Sweden was increasingly becoming the largest market for industrial exports. The interests of industry are thus neither identical nor parallel to those of agriculture. The Federation of Industries opposed Denmark joining a customs union, be it Nordic or the EEC. The Federation could support EFTA and it preferred to see a free trade arrangement between EFTA and the EC.

Even though several official reports since 1958 - soon named shock reports - had estimated that Danish industry would face severe competition within a free trade area, Danish industry gradually gained a new self-confidence, especially after EFTA membership. The Federation originally wanted Denmark to follow Britain in market policy, as Britain ~~too~~ preferred a free trade arrangement, but as time progressed the emphasis was increasingly placed on taking the other Nordic countries into account. The Federation could thus support EC-membership in 1972, as free trade in industrial goods among the Nordic countries was guaranteed by the agreement Denmark had reached with the Community.

In April 1972, the Federation published the results of a questionnaire regarding the EC, which had been sent to all its members.⁴¹ Replies were received from 744 firms, which represented 63 per cent of those employed in firms belonging to the Federation. The questionnaire showed that members of the Federation were in favour of Denmark joining the EC, in that just about half in the transition period and about two-thirds of them in the long run, expected better export opportunities. About three-quarters of the members did not anticipate changing suppliers, be it for raw materials or finished products. Nearly half thought that Danish exports to the Nordic market could still be increased, while one third felt that the point of saturation had been reached. In spite of the expectation of increased competition on the home market, there was a balance between the number of firms expecting a larger and those expecting a smaller market share in the future.

According to the questionnaire, the shipbuilding industry, which was not included in the questionnaire itself, foresaw several problems in connection with EC-membership, as will be discussed in further detail in

the sector study on the shipbuilding industry. The footwear industry also expressed a certain anxiety for increased competition on the home market, while the tobacco industry saw the higher EC tariffs on raw materials as a disadvantage. In any case, during the EC-referendum campaign, the Federation of Industries came out strongly for joining the Community.⁴²

The political influence of the Danish labour movement, in particular the National Trades Union Centre (Landsorganisationen i Danmark), must be seen in light of the fact that labour is highly organized in Denmark, the degree of organization in most trades affiliated with the Trades Union Centre being 95 to 100 per cent. Moreover, the National Trades Union Centre is closely associated with the Social Democratic Party. A few local branches of certain unions in the major cities are dominated, however, by the Communists and the Socialist People's Party. The formal and structural links between the Trades Union Centre and the Social Democratic Party exist only between the Party's executive committee and the Trades Union Centre, whose authority over its member unions is limited. The loose structure of the Trades Union Centre hinders at times the formulation of a distinct and strong labour position, both within the labour movement and vis-à-vis the Social Democratic Party. Furthermore, Social Democrats must compete for influence in the trade unions with Communists and People's Socialists.

The Trades Union Centre has been a firm supporter of Nordic cooperation, while it has strongly objected to isolated Danish EC-membership without Britain. The positions within the Trades Union Centre have ranged from uncompromising opposition to Danish EC-membership, to acceptance of the argument that membership was an economic necessity if Britain joined.⁴³

The General and Semi-skilled Workers' Union and the Metal Workers' Union, who together represent over 40 per cent of all organized workers, have opposed membership, along with a few smaller unions with relatively strong People's Socialist and Communist influence.

In February 1972, the Metal Workers' Union published Skal Danmark ind i Fællesmarkedet? (Should Denmark join the Common Market?). In the words of Union President Hans Rasmussen, who by the way was a member of the Folketing from 1950 to 1964, vice-president of the Social Democratic Party from 1961 to 1969, and a Director on the Executive Committee of the Trades Union Centre, Denmark should not join the EC, but should instead seek together with the Nordic countries, a free trade agreement with the Community.⁴⁴ The rank and file members of the General and Semi-skilled Workers' Union were also opposed to EC-membership, whereas their Union President, Anker Jørgensen, who became Prime Minister of Denmark a few days after the EC-referendum, was in favour of EC-membership, as were the majority of the other unions, as well as the Trades Union Centre's Executive Committee.

In contrast to agriculture and industry, the labour unions assessed EC-membership in economic as well as in political terms.⁴⁵ The labour movement feared an influx of foreign capital and workers, as well as the harmonization of social legislation. The labour unions emphasized that the economic future of Denmark did not lie in the agricultural sector, but in the industrial. Joining the EC would benefit the farmers in the short run, while for the workers it would mean higher food prices and perhaps unemployment when cheap labour started flowing into Denmark. As well, the labour movement was strongly for a Nordic orientation in market policy, while there was a pronounced antipathy against a European orientation. This antipathy was clearly anti-German. In 1961, Hans

Rasmussen had said, "our position vis-à-vis the Germans would....become like the Chimney Sweepers Union vis-à-vis the Metal Workers Union....we don't want German ministers to decide whether we should have high unemployment in this country."⁴⁶

At an extra-ordinary Convention in May 1972, a majority of the members of the National Trades Union Centre voted for Denmark joining the EC in conjunction with Britain. The Trades Union Centre thus accepted EC-membership, but strictly as laid down within the framework of the Treaties, and it remains opposed to further institutional integration. The Trades Union Centre believes that European cooperation must be based on the principle of the equality of states, where the sovereignty of each state is respected. It supports intergovernmental cooperation, but vehemently opposes the EC developing into a political federation.⁴⁷

Public Opinion and the Referendum

According to public opinion polls conducted by the Gallup Institute, public support for Denmark joining the EC was high in the 1960's, under 10 per cent coming out against Danish membership. Since 1971, the percentage of Danes supporting EC-membership has decreased, while the number of opponents has increased. This is probably due to the relatively low level of awareness in the 1960's of what the European Community was about, whereas the Danish government's successful negotiations with the Commission in 1970/1971 greatly increased the public's awareness, even though the Danish negotiations were largely uncontroversial and undramatic. Furthermore, at no time has the negotiation result been criticized as such, as it was in Britain and Norway, opposition being

directed mostly at the idea and the consequences of membership. Moreover, the decision to hold a national referendum brought the so-called Market Debate into nearly every Danish home.

On May 18, 1971, the Folketing voted to subject the EC-membership Bill to a national referendum, whether or not the Bill was passed in parliament by a five-sixths majority. At the time, a five-sixths majority was still certain, so there was no constitutional requirement for the decision. Article 20 of the Constitution permits powers vested in the constitutional authorities to be delegated to international authorities if this delegation is either passed by a five-sixths majority in the Folketing, or in the case of only a simple majority, if it is upheld in a referendum, unless rejected by a majority constituting not less than 30 per cent of the total electorate. In Denmark, a referendum cannot simply ask a yes or no question; a referendum must be based on legislation, in this case the EC-membership Bill, so that the voters know exactly to what they are voting yes or no. In other words, voting on the Bill is done by the electorate as well as by their parliamentary representatives.

It was former Social Democratic Foreign Minister Per Haekkerup who brought the referendum issue to the fore on May 1, 1971, in a May Day speech. In this way he hoped to keep the EC issue out of the impending election campaign, thus hopefully not losing too many votes to the anti-EC parties to the left of the Social Democratic Party. If over one-sixth of the members after the election were against EC-membership, a referendum would have to be held in any case. The Radicals, in the coalition government with the Conservatives and Liberals, demanded a referendum as well, which the Conservatives and Liberals reluctantly accepted.

Chart 9. Danish Public Opinion Regarding the European Communities

Prior to the Danish EC-referendum the question was: Are you for or against Denmark joining the European Common Market? After the referendum, the question has been: If you today had to vote regarding Denmark joining the European Common Market, would you vote for or against Danish membership?

	for %	against %	don't know %	total %
1961	53	9	38	100
1962	41	8	51	100
1963	49	7	44	100
1964	50	9	41	100
1965	51	4	45	100
1966	56	6	38	100
1967 September	56	8	36	100
1968 September	60	7	33	100
1970 January	51	9	40	100
1970 October	54	15	31	100
1971 April	37	30	33	100
1971 October	43	31	26	100
1972 February	41	32	27	100
1972 April	48	28	24	100
1972 August	41	35	24	100
1972 October 2nd(referendum)	63.3	36.7		100
1973 February	51	37	12	100
1973 May	46	43	11	100
1974 March	42	42	16	100
1974 August	31	53	16	100
1974 October	37	45	18	100
1975 April	40	41	19	100
1975 August	45	41	14	100
1976 March	40	43	17	100
1976 December	31	50	19	100
1977 May	39	43	18	100
1977 September	33	43	24	100
1978 February	38	40	22	100

Source: The polls conducted by the Danish Gallup Institute and published periodically in Berlingske Tidende.

The next issue was the date of the referendum. The Norwegians were also holding a referendum on EC-membership, and many felt that the outcome of the first referendum might influence the second. The Danish supporters wanted the Danish referendum to be held before the Norwegian referendum, as a positive outcome in Denmark might encourage an affirmative vote in Norway where opposition to EC-membership was more prevalent. The new Danish Social Democratic government finally decided to hold the Danish referendum a week after the Norwegian one, much to the chagrin of the Liberals and Conservatives, as well as the Norwegian government. The reason was to placate the opponents within the Social Democratic Party, thereby not giving them the opportunity to complain about foul play, as the opponents maintained that a completely new situation would exist if Norway did not become a member of the EC.⁴⁸ The Danes had to know where Norway stood before they went to the polls.

The campaign before the EC-referendum was undoubtedly one of the most extensive political campaigns ever ventured in Denmark. The supporters consisted of the Conservatives, Liberals, and to a lesser degree the Radicals and Social Democrats who had many opponents among their ranks. Membership was also supported by industry, agriculture, finance, trade and marginally by labour's National Trades Union Centre. The Danish press as well, except for the largest daily, the tabloid Ekstra Bladet, was overwhelming for membership. The campaign was coordinated by the Committee for Danish Affiliation with the EC, which collected money, published advertisements and provided speakers. The EC-Committee was mainly supported by the four old parties and industry. Meanwhile, the European Movement in Denmark, which is associated with the European Movement in other countries, did not take a stand on membership during

the EC-referendum campaign, as it embraces many organizations and individual members who support European cooperation, but not necessarily as embodied by the European Communities.⁴⁹

The opponents of EC-membership consisted of The Socialist People's Party, the Communist Party, the Left Socialist Party and the Single Tax Party, as well as 'Social Democrats against the EC'. The opponents were also supported by some of the more influential trade unions such as the General and Semi-skilled Workers' Union and the Metal Workers' Union. The Communists, the Socialist People's Party and the Single Tax Party formed the People's Movement Against the EC, an umbrella organization soon including trade unions, student councils and various pressure groups such as The Freedom Front Against the Rome Union, Free Denmark, The Free North, The Coordination Committee Against the EC, as well as others. The People's Movement Against the EC was also supported by various well-known 'cultural' personalities such as the historian Palle Lauring and the author Ebbe Kløvedal Reich.⁵⁰

During the campaign the supporters emphasized the economic benefits of membership, while the opponents disputed the claimed advantages, especially in the long run. The opponents focussed on the political consequences of membership, claiming Denmark would lose her sovereignty and independence, while domestically foreigners would move in taking over Danish jobs and buying up Danish land. The opponents' campaign also contained distinct xenophobic, principally anti-German and anti-Catholic, elements.⁵¹

The EC-referendum of October 2, 1972, represents one of those rare occasions when public opinion is allowed to exert a decisive influence on the outcome of a major foreign policy issue, 63.3 per cent voting yes to

membership and 36.7 per cent voting no.⁵² The voter turnout was 90.1 per cent, the highest ever in Danish political history. In the Greater Copenhagen area, there was a majority against membership, 47.5 per cent voting for and 52.5 per cent voting against, whereas in Jutland it was just the opposite, 68.6 per cent voting for and 31.4 per cent voting against membership. The highest percentages for membership were recorded on the west coast of Jutland and in Southern Jutland (Slesvig). In fact, one survey conducted in Southern Jutland showed that people in this region bordering on Germany, feared Germany and European integration less than did Danes in other parts of the country.⁵³

In Greenland, where the voter turnout was only 57.5 per cent, 29.2 per cent voted yes and 70.8 per cent voted no to membership. As a province of Denmark, Greenland became a member of the EC along with the rest of Denmark. Demands are, however, already being made for another referendum in Greenland, after she receives home rule in 1979.

In the months prior to the referendum, Carsten Lehmann Sørensen interviewed 90 people belonging to the very top of the Danish political elite.⁵⁴ He found that Danish elite attitudes towards EC-membership and European integration showed a pro-European consensus motivated by economic considerations. Danish elite attitudes were found to be very favourable or positive towards European integration in general, very positive towards economic integration, while sceptical of the feasibility of political cooperation and negative towards a strictly European or Community security policy.

Nikolaj Petersen and Jørgen Elklit see the split regarding EC-membership as a division between the establishment and the anti-establishment.⁵⁵ Nevertheless, they conclude that the, "fears that

the emotions evoked during the campaign would die out only slowly and that the conflict over the EC would remain a salient issue in Danish politics for a long time, in the end proved premature."⁵⁶

On the other hand, Hans Jørgen Nielsen goes farther and states that, in general, the Danish elite is pro-EC, while at the mass level, the common man has not fully accepted EC-membership.⁵⁷ Further, in contrast to Petersen and Elklit, Nielsen sees a polarization process which after membership continues to increase the distance between the supporters and the opponents. The various public opinion polls conducted by the Gallup Institute point in the same direction, the percentage of opponents having increased in the 1970's, particularly after the referendum.

It is extremely difficult to assess why opposition to EC-membership has increased since Denmark joined the Community. The opponents argued that the free movement of capital would entail that foreigners would buy up Danish enterprises and land, but this has not happened.⁵⁸ Above all, the opponents feared German capital in the form of direct foreign investment. According to Danmarks Nationalbank, however, the United States, Sweden and Britain, in that order, have each during the first five years of EC-membership invested more capital in Denmark than Germany, both the United States and Sweden in fact having invested twice as much capital as the Federal Republic of Germany.⁵⁹

The opponents also feared that the free movement of labour would result in an invasion of foreign, especially Italian, labour. Meanwhile, three-quarters of the foreign workforce from member-states is composed of people from Germany and Britain, respectively 5,000 and 4,000 as was the case before membership, with less than 1,000 Italians being employed

in Denmark. Moreover, the number of foreign workers in Denmark has since 1973 actually declined, primarily because of the economic recession.⁶⁰

In reference to economic policies, the opponents claimed that Denmark would become a province or colony governed from Bonn or Brussels without any influence on the decision-making process. Instead it turns out that Denmark is often in agreement with the proposals advanced by Bonn or Brussels, and Denmark generally regrets that many of these proposals are not adopted. As the Danish Secretary of State for Foreign Economic Affairs has said, "in central areas where there are today obvious advantages in expanded co-operation none of the Member States seem to be prepared to go as far as Denmark."⁶¹

The opponents also feared that membership would entail Denmark surrendering whatever power and influence she might have, or at least her freedom, in foreign policy. This is not the case as in the Council of Ministers, Denmark has a veto. Moreover, Denmark has through her membership actually gained more influence on European affairs, an influence which far surpasses that which she could have exerted alone outside the European Community.⁶²

According to a report published by the European Parliament's Directorate General for Research and Documentation, EC-membership has been an economic advantage for Denmark.⁶³ In the first four years of membership, the Agricultural Fund paid Denmark 11.8 billion kroner. In addition, agricultural exports have increased from 8.2 billion kroner in 1972 to 13.2 billion kroner in 1975. In the first four years, the gain for agriculture was about 22 billion kroner, which is about equal to half of Denmark's foreign debt.⁶⁴ Over these four years, Denmark's total contribution to the Community budget was only 2.6 billion kroner.

It is more difficult to assess the advantages for industry in terms of kroner. In any case, the advantages for agriculture would clearly influence industry, especially the industries connected with farm machinery and food processing. Further, Danish industry gained access to a very large market, where tariffs had been high, much higher than in Denmark; the dismantling of tariffs thus being in Denmark's favour.

Danish disenchantment and opposition to EC-membership is probably best explained by the economic recession which reached Denmark in late 1973, beginning with the oil boycott, many Danes blaming EC-membership for the crisis. At the same time, both inflation and unemployment started to increase dramatically. The recession was not due to EC-membership per se, but to outside forces. Nevertheless, a part of the responsibility rests with the Danish government, as it let wages and prices rise too rapidly. Many Danish supporters of the Community are also disappointed over the little progress which has been made at the Community level, particularly in the field of monetary, energy, fisheries and agricultural policy, where they would have liked to have seen much more progress. Further, it is the opponents who have been quick to criticize the Community and EC-policies, or lack of policies, while the supporters have been more passive, and often disappointed.

In the Danish national elections of December 1973, January 1975 and February 1977, EC-membership was not a major campaign issue, except for the four parties opposed to membership. Nevertheless, the Danish government is indeed concerned with the large number of EC-opponents. At the Social Democratic Convention in September 1977, the Convention decided to establish a committee to investigate the benefits and disadvantages of EC-membership. The Social Democratic Prime Minister

spoke against the motion, saying it was clearly not necessary, but ultimately he went along with the decision in order to appease the opponents within the Social Democratic Party, as well as other opponents. In November 1977, the Social Democratic government decided that not just the Party, but the Government should create a committee to assess EC-membership. The committee was to include EC-opponents, and it was to assess the political, economic, social and cultural consequences for Denmark of EC-membership. However, the committee was never established, as in March 1978, a majority of members of parliament defeated the motion, since they were not willing to grant a couple of million kroner for the purpose.

There seems to be a gap in Denmark between on the one hand, the government and parliament, and on the other hand, the governed, regarding attitudes toward and evaluations of EC-membership. The large number of opponents, according to the Gallup Institute, is not reflected in the composition of the Folketing. This discrepancy might be explained by the fact that the major issues in recent elections have been domestic issues. Various groups and interests will support their "own" political party regardless of where the party stands on EC-membership, even though more voters seem to be floating, voting for different parties from one election to the next. Moreover, a similar discrepancy between the population and the members of the Folketing would be found if we either look at issues such as re-establishing capital punishment or at lowering further the electoral age, the voters by and large being more traditional and conservative.⁶⁵

All in all, the left-right conflict and the urban-rural conflict go a long way in explaining most political parties and interest groups' support for and opposition to EC-membership, even though these two sets of variables do not consider concepts like sovereignty and nationalism, which we should, as they apparently figure so prominently in the minds of the opponents. The supporters of the EC, for instance, the Danish government, the Agricultural Council and the Federation of Industries, all have missions in Brussels, and they are in daily contact with the Community institutions, whereas the opponents are more on the outside, which reinforces their alienation. The division seems to be between the establishment and the non-establishment.

Some might think of Denmark as a very reluctant European, who views EC-membership primarily in cost-benefit terms, neglecting the true Community spirit.⁶⁶ The most surprising aspect is perhaps that Danish attitudes and positions have usually not hindered Danish cooperation within the Community, and Denmark has not been criticized by the other member-states for upholding progress in the same way as France and Britain have been criticized. Hence when evaluating Danish membership of the EC, the assessment of Denmark's position might differ somewhat according to whether one takes the Community perspective or whether one focusses on the internal dimension of Denmark's Market Policy.

Chapter Four: The Internal Dimension of Denmark's Market Policy

References and Notes

1. see Henry Valen, Jørgen Elklit and Ole Tonsgaard, "Economic Conflicts and Orientations toward Europe in Denmark and Norway", paper prepared for the workshop on Mass/Elite Attitudes towards Europe, London, April 7-12, 1975, European Consortium for Political Research. (Mimeographed); Hans Jørgen Nielsen, "Attitudes towards the EC in Denmark 1971-1975", paper prepared for the workshop Mass/Elite Attitudes towards Europe, European Consortium for Political Research, London, April 7-12, 1975. (Mimeographed).
2. see Nils Ørvik (Ed.) Norway's No to Europe, Occasional Paper No. 5 of the International Studies Association, University Center for International Studies, University of Pittsburgh, Pittsburgh, 1975; Tove Lise Schou, "Economic and Ideological Elements in the Position Towards EEC Membership. A Comparative Analysis of the Debate among Political Parties in Denmark and Norway", paper prepared for the workshop Mass/Elite Attitudes towards Europe, European Consortium for Political Research, London, April 7-13, 1975; see also Henry Valen, Jørgen Elklit and Ole Tonsgaard, "Economic Conflicts and Orientations towards Europe in Denmark and Norway" as cited in footnote one.
3. see Leon N. Lindberg, The Political Dynamics of European Economic Integration, Stanford, California, Stanford University Press, 1963, especially pp. 230-267.
4. Arild Underdal, "Diverging Roads to Europe", Cooperation and Conflict, No. 1/2, 1975, pp. 65-76.
5. Toivo Miljan, The Reluctant Europeans. The Attitudes of the Nordic Countries towards European Integration, Montreal, McGill-Queen's University Press, 1977, p. 10.
6. Gunnar P. Nielsson, "Denmark and European Integration: A Small Country at the Crossroads", unpublished Ph.D. dissertation, University of California, Los Angeles, 1966, p. 254.
7. Daniel Heradstveit, "The Red/Green Alliance in Norwegian Politics: A Strange Partnership" in Nils Ørvik (Ed.), Norway's No to Europe, p. 8.
8. Erling Bjøl, "Foreign Policy-Making in Denmark", Cooperation and Conflict, No. 2, 1966, pp. 1-16; Carsten Lehmann Sørensen, "Danish Elite Attitudes Towards European Integration", Cooperation and Conflict, No. 4, 1976, pp. 259-278.
9. Leon N. Lindberg and Stuart A. Scheingold, Europe's Would-Be Polity, Englewood Cliffs, New Jersey, Prentice-Hall Inc., 1970, p. 19.

10. Torben Worre, Det politiske System i Danmark, Copenhagen, Akademisk Forlag, 1977, pp. 70-84; see also Erik Damgaard, "Stability and Change in the Danish Party System over half a Century", Scandinavian Political Studies Vol. 9, 1974, pp. 103-125.
11. Worre, Det politiske System i Danmark, pp. 48-49.
12. Poul Møller (Ed.), De politiske partier, Albertslund, Det danske Forlag, 1974, pp. 24-26.
13. Worre, Det politiske System i Danmark, pp. 46-50.
14. Nikolaj Petersen and Jørgen Elklit, "Denmark enters the European Communities", Scandinavian Political Studies Vol. 8, 1973, p. 198.
15. Worre, Det politiske System i Danmark, pp. 42-46.
16. Nikolaj Petersen, "Europeanism and its Foreign Policy Attitude Correlates: A Political Belief System?", Cooperation and Conflict, No. 3, 1975, pp. 143-166; Karen Siune and Carsten Lehmann Sørensen, "Is the Theory of European Integration Dead or Alive? The Case of Danish Political Parties", paper prepared for the European Consortium for Political Research Session in Louvain, April 1976. (Mimeographed); Erik Damgaard, "Stability and Change in the Danish Party System over half a Century", p. 118.
17. Damgaard, "Stability and Change in the Danish Party System over half a Century", pp. 103-125.
18. Ole Borre, Hans Jørgen Nielsen, Steen Sauerberg and Torben Worre, Vaelgere i 70'erne, Copenhagen, Akademisk Forlag, 1976, pp. 9-10.
19. Ibid., p. 14.
20. Ole Borre, "Denmark's Protest Election of December 1973", Scandinavian Political Studies Vol. 9, 1974, p. 199.
21. Carsten Lehmann Sørensen, "EF-folkeafstemningerne i Norge og Danmark var med til at skabe det politiske opbrud", europa, No. 9; November 1976, pp. 12-13.
22. Karen Siune and Carsten Lehmann Sørensen, "Is the Theory of European Integration Dead or Alive? The Case of Danish Political Parties", p. 8, where the political parties are divided into a protest and no-protest dimension. For a study of the 1973 election see Per Bendix, Oluf Bohn, Ole Borre and Erik Damgaard, Decembervalget 1973, Copenhagen, J.H. Schultz, 1974.
23. En liberal Europapolitik, Venstre, Danmarks liberale parti, Copenhagen, October 1975, pp. 6-7.

24. Det konservative Folkeparti op til Folkeafstemningen, Det konservative Folkeparti, Copenhagen, April 22, 1972; see also Udenrigs-, sikkerheds- og forsvarspolitik, Det konservative Folkeparti, Copenhagen, 1976, Resolutions adopted by the Conservative Party at the Party Convention in November 1976.
25. Møller, De politiske partier, pp. 94-95.
26. Ibid., pp. 36-42, 64-66 and 93-96.
27. Hans Jørgen Nielsen, "The Uncivic Culture: Attitudes towards the Political system in Denmark, and vote for the Progress Party 1973-1975", Scandinavian Political Studies Vol. 11, 1976, pp. 147-154.
28. Viggo Sjøqvist, Peter Munch, Copenhagen, Gyldendal, 1976, pp. 50-88; see also Ole Karup Pedersen, Udenrigsminister P. Munchs opfattelse af Danmarks stilling i international politik, Copenhagen, G.E.C. Gads Forlag, 1970.
29. Det radikale Venstres arbejdsprogram af 1973 om udenrigspolitik, Det radikale Venstre, Copenhagen, 1973, p. 3.
30. Møller, De politiske partier, pp. 223-240.
31. Siune and Sørensen, "Is the Theory of European Integration Dead or Alive? The Case of Danish Political Parties", p. 28.
32. Henning Bregnsbo, Interessegrupper i dansk politik, Copenhagen, Gyldendal, 1974, pp. 61-62.
33. Lindberg, The Political Dynamics of European Economic Integration, pp. 225-226.
34. Jacob A. Buksti and Lars Nørby Johansen, "Organisationssystemet i Danmark", Økonomi og politik Vol. 51, No. 4, 1977, p. 389.
35. Peter Hansen, "Denmark and European Integration", Cooperation and Conflict, No. 1, 1969, p. 22.
36. Lindberg, The Political Dynamics of European Economic Integration, pp. 230-231.
37. Danmark i EF. 4. Landbrug, Ministry of Foreign Affairs, Copenhagen, 1974, p. 10; see also Hans Ejvind Hansen, Landbrugspolitikken i de europæiske fællesskaber, Copenhagen, Universitetsforlaget, 1972, p. 34; Grethe Henriksen, Danmarks Landbrug, Copenhagen, Gyldendal, 1975, p. 56.
38. Jacob A. Buksti, Et Enigt Landbrug?, Aarhus, Universitetsforlaget, 1974, p. 294.
39. Ibid., p. 263.

40. Peter Hansen, "Denmark and European Integration", p. 24.
41. Industriraadets rundspørge til medlemsvirksomhederne om EF, Industriraadet, Copenhagen, 1972.
42. Industriraadet 1972/1973, Industriraadet, Copenhagen, 1973, pp. 10-13.
43. Danmark og EEC, Landsorganisationen i Danmark, Copenhagen, 1971; see also Landsorganisationens bemaerkninger til Tindemans' rapport om Den europaeiske Union, Landsorganisationen i Danmark, Copenhagen, 1976, p. 1. (Mimeographed).
44. Skal Danmark ind i Faellesmarkedet?, Dansk Smede- og Maskinarbejderforbund, Copenhagen, February 1972, p. 72.
45. Peter Hansen, "Denmark and European Integration", p. 27.
46. Ibid., p. 28.
47. Landsorganisationens bemaerkninger til Tindemans' rapport om Den europaeiske Union, p. 1.
48. Petersen and Elklit, "Denmark enters the European Communities", p. 202.
49. According to Mr. Carl Ingemann Jensen, Secretary-General of the European Movement in a personal interview, January 12, 1978.
50. Palle Lauring, Punktum for Danmarkshistorien?, EF-biblioteket No. 8, Copenhagen, Forlaget Aktuelle Bøger, 1972; EF-Kvaernen, Det ny Notat, Allingaabro, 1977; Danmarks Grundlov, Det ny Notat, Allingaabro, 1977.
51. Petersen and Elklit, "Denmark enters the European Communities", p. 208.
52. Statistisk Aarbog 1976, Danmarks Statistik, Copenhagen, table 339.
53. The Danish EC Referendum Survey, Institute of Political Science, University of Aarhus, Aarhus, 1974, sample 116.
54. Sørensen, "Danish Elite Attitudes towards European Integration", pp. 259-278; see also Nikolaj Petersen, "Attitudes towards European Integration and the Danish Common Market Referendum", Institute of Political Science, University of Aarhus, Aarhus, November 1975. (Mimeographed).
55. Petersen and Elklit, "Denmark enters the European Communities", pp. 206-207.
56. Ibid., p. 212.
57. Hans Jørgen Nielsen, "Attitudes towards the EC in Denmark 1971-1975", p. 2.

58. Claus Gulmann, "Frygten for udlændinges køb af dansk jord har vist sig ubegrundet", europa, No. 8, October 1977, pp. 20-21; Hans Engell, "Staten vil sikre dansk jord mod spekulationsopkøb", Berlingske Tidende (Copenhagen), January 10, 1978, p. 2(1).
59. Danmarks Nationalbank 1977, Danmarks Nationalbank, Copenhagen, Annual Report for 1977, table 11 in the Appendix.
60. The Children of Migrant Workers, Commission of the European Communities, Collection Studies, Education Series No. 1, Brussels, 1977, table III, p. 7.
61. Jens Christensen, "Are the Danes good Europeans?", Danish Journal, No. 1, 1976, p. 3; see also Hans Jørn Hansen, "K.B. Andersen: Danmark villig til at forpligte sig til forudgaaende udenrigspolitiske EF-konsultationer", europa, No. 10, December 1976, pp. 7-8; Thomas Nielsen, "Danish trade unions face European Challenge", Danish Journal, Special Issue, January-June 1978, p. 12.
62. Hans Jørn Hansen, "K.B. Andersen: Danmark villig til at forpligte sig til forudgaaende udenrigspolitiske EF-konsultationer", pp. 7-8; see also EF-medlemsskabets konsekvenser for centrale dele af dansk erhvervsliv, Generaldirektoratet for forskning og dokumentation, Europa Parlamentet, 1977, pp. 93-94.
63. EF-medlemsskabets konsekvenser for centrale dele af dansk erhvervsliv, p. 89.
64. Peter Brixtofte, "Dansk medlemskab af EF har givet god bonus", Børsen (Copenhagen), June 8, 1977, p. 14.
65. Worre, Det politiske System i Danmark, pp. 48-49.
66. Peter Hansen and Nikolaj Petersen, "Motivational Bases of Foreign Policy Attitudes and Behavior", International Studies Quarterly Vol. 22, No. 1, March 1978, pp. 70 and 74.

Chapter Five: Developments since EC-membership in 1973

Chapter I introduced the subject matter of this study and dealt with Danish foreign policy in general, particularly in reference to foreign trade, which in many ways has dictated Danish foreign policy. Chapter II focussed more specifically on Denmark's traditional relations vis-à-vis Germany and Britain. Chapter III discussed Denmark's Market Policy from 1945 and up until EC-membership in 1973, where it was revealed that Denmark not only followed Britain, but also Britain's approach to European economic integration, while at the same time the various attempts of further Nordic economic integration failed. In Chapter IV, the internal dimension of Denmark's Market Policy was explored, whereby we discovered the position of the various Danish political parties and major interest groups in regard to EC-membership.

This present chapter will look at developments after EC-membership. To ascertain if Denmark after membership is indeed following Germany in economic matters, instead of Britain, this chapter will examine six vital sectors: foreign trade, external monetary policy, agriculture, fisheries, the shipbuilding industry and the textile industry. As each sector is treated separately, this chapter is divided into six sections.

An important indicator of economic interdependence and change is trade flows, especially for a country highly dependent on foreign trade. The first of the six sector studies will therefore look at Danish trade patterns before and after EC-membership, in order to discover what effects membership has had on Denmark's trade with her major trading partners. Joining a customs union with a common external tariff is bound to affect the trade pattern of a new small member of the union.

The second sector study will examine Denmark's external monetary policy in order to discover the Danish krone's currency of reference as well as the Danish government's policies towards monetary cooperation within the Snake, fixed exchange rates and the proposed Economic and Monetary Union. Monetary policy is of crucial importance, not only because of the economic implications, but because of the political ramifications.

Since the agricultural sector plays an extremely important role in the Danish economy, the third study looks at agriculture. Britain and Germany are Denmark's two largest export markets for agricultural products. This study delineates Denmark's position in regard to the present functioning of the Common Agricultural Policy, with reference to the positions adopted by Britain and Germany.

With the United Nations Law of the Sea Conference, the imposition of 200-mile zones and the need for conservation measures, it has become imperative to implement a common fisheries scheme within the Community. One of the most heated disputes among The Nine has been fisheries, where it has, until the end of 1978, proven impossible to adopt a Common Fisheries Policy. Since Denmark is the largest fish exporter and the largest fishing nation of The Nine, the fourth sector study looks at fisheries policy and Denmark's position compared to Britain and Germany.

During the current economic recession, various Community industries have been severely affected, especially the steel, shipbuilding and textile industries. Various so-called crisis measures have therefore been adopted by the Council. What were Denmark's responses to the crises in these sectors? The fifth sector study investigates the crisis in the

shipbuilding industry, which is of considerable importance to Denmark and which in Denmark is related to the steel industry.

The sixth sector study examines the textile industry, particularly the position taken by the Danish government in regard to renewing the international Multi-Fibre Textile Agreement, comparing it with the positions taken by Germany and Britain.

These six sector studies, focussing on developments after membership of the European Community in 1973, should tell us something about Denmark's relations vis-à-vis Germany and Britain. The aim has not only been to ascertain if Denmark is now in fact following Germany instead of Britain, but also to discover why this might be the case, wherefore in each of the six sector studies there are attempts to explain Denmark's position in reference to the positions adopted by Germany and Britain.

1. Denmark's Foreign Trade

Foreign trade is of vital importance to the European Community. The Nine's exports account for 24 per cent of the Community's Gross Domestic Product, compared to 12 per cent for Japan and 7 per cent for the United States.¹ By 1958, the year the Common Market was established, the Community of Six was already the world's largest importer, imports representing 16.6 per cent of world imports, excluding intra-Community trade. By 1974, imports into the Community of Nine reached 23.8 per cent of total world imports. In the export field, the Community of Six's share was 17.3 per cent of the world total in 1958, making it the world's second largest exporter after the United States. By 1974, the Community of Nine's exports accounted for 20.6 per cent of total world exports. The Community had become the world's largest exporter.

Looking at the Community's internal trade we find that the creation of the Common Market led to strengthened trade links between the member-states themselves and internal trade came to represent a greater proportion of the Community's total trade. The removal of trade barriers had a particularly favourable impact on France and Italy who originally maintained a high degree of trade protection, and their share of the Community's internal trade increased considerably after 1958. In the case of Germany, France and the Netherlands became her most important trading partners, as she was unable to re-establish her traditional trade links with Eastern Europe after World War II. From 1958 and until 1972, trade between The Six increased almost ninefold and trade between the Community and the rest of the world threefold.

With the dismantling of trade barriers, the loss of their colonies and the creation of the Common Market in the post-war period, the trade patterns of The Nine changed significantly. The member-states of the Community have become each others most important trading partners. If we look at each of The Nine individually to discover which of the other member-states is its most important trading partner, we will find that for all of them, except Ireland, Germany is its most important trading partner. In the case of Ireland, Germany is surpassed by Britain. However, since membership in 1973, Ireland's share of trade with Britain has declined, while her trade with Germany has more than tripled. For Germany, France is her most important export market, while her largest supplier is the Netherlands. Moreover, in the case of Britain, the United States ranks ahead of Germany if we include non-member-states.

For both Switzerland and Austria, Germany is by far their most important trading partner. The three Community applicants: Greece, Portugal and Spain, are also heavily dependent on the European Community for trade, in all three cases, Germany being their most important supplier.

The present European trade pattern places Germany in a position of decisive importance, making her the economic hub of the Community, the core area of Western Europe. Never before has Germany had such a powerful economic position vis-à-vis these other eight countries at the same time. Moreover, trade barriers have been dismantled, while consultation and policy-making have been institutionalized through the creation of the various Community institutions. Through her crucial economic position, Germany will therefore not only be able to influence trade, but economic and monetary policies, and ultimately more 'political' issues such as

political union, security policy and East-West relations. Nevertheless, it must be remembered that Germany has only attained, and can only maintain, this position by virtue of the European Community.

Denmark has fallen into the same pattern as most of the other member-states, her largest trading partner now being Germany. What the EC-opponents in Denmark predicted and feared most has happened, Denmark has been drawn closer to Germany, while the strong commercial ties with Britain and Sweden have diminished in comparison.

Britain was Denmark's most important export market from the 1880's and until both countries joined the European Community in 1973.² After five years of EC-membership, however, Germany has emerged as Denmark's most important trading partner, both for exports and imports. See charts 10 and 14.

In 1910, about 90 per cent of Danish exports were agricultural products. This percentage fell to about 50 per cent by 1958 and to about 30 per cent by 1975. Since agriculture has always been a major foreign exchange earner, farm products remain an important export. Danish farmers are efficient and their products are competitive. However, EFTA did not include free trade in agricultural products and the Common Agricultural Policy of the Community discriminated against Danish farm products. Moreover, the various efforts to liberalize farm trade within the OEEC and the OECD were largely in vain, Denmark in this way being forced to industrialize and to aim at increasing her industrial exports. Denmark has in the post-war period been able to lessen her overwhelming dependence on one export (agriculture) and one export market (Britain) by diversifying her trade, finding new markets, and by increasing her industrial exports.

Until World War II, at least half of Denmark's exports were destined for Britain, while in the post-war period Britain's share of Danish exports has steadily diminished, amounting to about 15 per cent by 1974. Britain and Germany were traditionally Denmark's largest export markets, but with the creation of the EEC and EFTA, Sweden became the second largest export market after Britain, particularly for industrial products. From 1967 to 1976, Germany thus ranked as the third most important export market after Sweden.

Britain was the largest market for Danish exports until 1976. In 1975 and 1976, Danish exports to Britain stagnated, remaining at the same level, while in 1977, there was even a drop from the year before. Exports to Sweden remained at the same level in 1976 and 1977, while exports to Germany steadily increased. In 1977, Germany thus became the largest market for Danish exports, while Britain fell to third place after Sweden (chart 14).

Denmark has traditionally had a favourable balance of trade with Britain, the surplus at times being very large (chart 10). In 1977, however, Denmark had for the first time in generations, a deficit in her trade with Britain (chart 14). On the other hand, Denmark has traditionally had a deficit in her trade with Germany. In 1977, this deficit was decreased as Denmark imported less from Germany, while exporting more than the year before (chart 14).

Denmark has traditionally had a surplus in her trade with Ireland, but this was turned into a deficit in 1977. With the rest of the member-states, Denmark has usually had a deficit. Since joining the Community, however, Denmark has had a surplus vis-à-vis Italy (charts 11, 12 and 13).

Denmark's share of the British and Swedish markets has fallen since 1973, while Denmark has been able to maintain her market share on the

German market.³ Denmark's market share of the German, British and Swedish markets was respectively 1.1 %, 1.9 % and 6.2 % in 1977. Since 1973, the trend has been for Denmark's share of the British and Swedish markets to fall, a development which is likely to continue for some years, by which time Germany will clearly be Denmark's most important trading partner.⁴ The drop in Danish exports to Sweden is probably best explained by the protectionistic measures the Swedish government has implemented, while the decline in exports to Britain is partly due to the drastic reduction in the export of ships.⁵ Nevertheless, the value of Danish industrial exports to Britain has steadily increased, while on the other hand, the value of agricultural exports to Britain has steadily diminished, especially for bacon (chart 15). The increase in industrial exports has not been able to compensate for the drastic drop in agricultural exports. The fall in bacon exports to Britain is partly due to increased competition from Germany and the Netherlands, who receive monetary compensatory amounts for their bacon exports to Britain.⁶

The improvement in exports to Germany, for both agricultural and industrial products, is probably due to the fact that, unlike Sweden, Germany increased her value of total imports in 1977,⁷ while the Danish krone had twice during the year been devalued against the Deutsche Mark.⁸

The marked increase in trade with Germany is of course also due to EC-membership, as the dismantling of the tariff wall between the two countries has had a trade creating effect, Danish exports to Germany doubling during the first five years of EC-membership. It should be noted that over half of Denmark's exports to Germany have in the last several years been industrial products. In the case of Italy, however, over 60

per cent of Danish exports are agricultural products, the main item by far being beef. With EC-membership, Italy has clearly emerged as the third most important export market for agricultural products, well ahead of the United States.⁹

Close to one half of Denmark's trade is with the other Community countries. In both 1976 and 1977, a little over one-third of Danish exports to the Community were destined for Germany, while just under one-third were exported to Britain. For Denmark, EC-membership has had a trade creating effect. The Community's share of Denmark's total foreign trade has gradually increased, both for imports and exports (chart 16). In terms of trade, Denmark's economy is increasingly being integrated with that of the other member-states. Britain's share of Danish trade as a percentage of total trade, however, has diminished, while trade with the original Six has increased. In fact, after less than five years of EC-membership, Germany has surpassed both Britain and Sweden, Germany now having emerged as Denmark's most important trading partner, both for imports and exports.

Chart 10. Denmark's Trade with Britain and Germany

Year	B R I T A I N			G E R M A N Y		
	Imports Mio EUA	Exports Mio EUA	Exports as % of EUR 9	Imports Mio EUA	Exports Mio EUA	Exports as % of EUR 9
1958	306	323	44.9	267	248	34.4
1959	341	376	46.8	340	283	35.2
1960	263	408	49.1	395	275	33.1
1961	266	402	48.6	416	288	34.8
1962	296	430	48.6	455	302	34.1
1963	309	646	54.9	446	300	25.5
1964	359	526	48.4	538	315	29.0
1965	374	546	47.2	597	370	32.0
1966	411	580	49.6	609	341	29.1
1967	435	600	51.5	602	292	25.1
1968	439	577	48.8	608	310	26.2
1969	522	590	46.3	725	374	29.3
1970	609	663	47.1	827	411	29.2
1971	577	694	46.8	790	434	29.3
1972	557	776	46.9	848	470	28.4
1973	700	951	41.9	1,275	648	28.6
1974	910	1,094	39.9	1,542	796	29.0
1975	859	1,079	37.2	1,653	914	31.5
1976	1,132	1,101	32.2	2,313	1,180	34.6
1977	1,270	1,240	32.0	2,278	1,362	35.1

N.B. Export figures are based on imports into Britain and Germany.

Source: Monthly External Trade Bulletin Special Number 1958-1976, table 4, Statistical Office of the European Communities, Luxembourg, 1977, and Monthly External Trade Bulletin 4-1978, table 4.

Chart 11. Danish Exports to 11 Countries (in million U.S.\$)

	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
United Kingdom	577	599	574	588	660	733	870	1173	1351	1378
Germany	342	292	310	374	411	455	522	802	951	1133
Sweden	288	328	369	452	543	565	654	813	1155	1277
United States	202	183	220	258	284	285	367	459	477	489
Norway	140	172	184	192	230	263	300	399	476	562
Italy	82	93	96	107	107	118	135	306	334	414
Netherlands	55	58	67	72	87	102	113	181	234	240
France	70	68	72	76	80	94	127	169	275	292
Switzerland	58	60	58	69	83	103	120	159	163	144
Finland	55	49	50	62	78	85	93	132	202	226
Belgium/Lux.	34	45	50	42	42	48	58	93	141	150

Source: Danmarks Statistik, Statistiske Aarbøger 1968-1977, "Vaerdien af forskellige landes import med fordeling paa lande".

Chart 12. Danish Imports from 11 Countries (in million U.S.\$)

	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
United Kingdom	502	436	438	522	609	615	611	856	1079	1063
Germany	637	603	605	725	827	842	933	1572	1829	2042
Sweden	426	454	482	592	700	750	792	1221	1357	1472
United States	214	270	274	293	328	380	358	516	599	623
Norway	116	141	136	157	173	178	232	358	438	503
Italy	102	112	112	120	136	120	139	194	261	271
Netherlands	131	111	120	161	176	179	213	349	594	604
France	109	123	136	161	191	193	225	307	372	391
Switzerland	100	77	84	105	103	111	122	182	172	199
Finland	82	83	90	106	129	129	142	227	276	269
Belgium/Lux.	82	79	78	108	127	116	151	276	354	367

Source: Danmarks Statistik, Statistiske Aarbøger 1968-1977, "Vaerdien af forskellige landes import med fordeling paa lande".

Chart 13. Denmark's Trade Balance

Denmark's trade with her 11 most important trading partners, showing her balance of trade as a deficit (D) or surplus (SSSS).

	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
Britain	SSSS	SSSS	SSSS	SSSS	SSSS	SSSS	SSSS	SSSS	SSSS	SSSS	SSSS	D
Germany	D	D	D	D	D	D	D	D	D	D	D	D
Sweden	D	D	D	D	D	D	D	D	D	D	D	D
U.S.A.	D	D	D	D	D	D	SSSS	D	D	D	D	D
Norway	SSSS	SSSS	SSSS	SSSS	SSSS	SSSS	SSSS	SSSS	SSSS	SSSS	SSSS	SSSS
Italy	D	D	D	D	D	D	D	SSSS	SSSS	SSSS	SSSS	SSSS
Netherlands	D	D	D	D	D	D	D	D	D	D	D	D
France	D	D	D	D	D	D	D	D	D	D	D	D
Switzerland	D	D	D	D	D	D	D	D	D	D	D	D
Finland	D	D	D	D	D	D	D	D	D	D	D	D
Belgium/Lux.	D	D	D	D	D	D	D	D	D	D	D	D

Source: Danmarks Statistik and the European Communities' Monthly External Trade Bulletin.

Chart 14. Value of Danish Exports and Imports from Britain, Germany and Sweden (in million kroner)

	1973	1974	1975	1976	1977
<u>IMPORTS FROM:</u>					
Britain	5,193.1	6,576.0	6,117.5	7,665.4	8,703.9
Germany	9,459.2	11,137.9	11,774.7	15,635.1	15,621.3
Sweden	7,389.0	8,271.1	8,488.9	10,622.9	10,432.4
<u>EXPORTS TO:</u>					
Britain	7,165.4	8,024.4	9,413.6	9,417.9	8,468.8
Germany	4,852.6	6,002.6	6,647.5	7,900.4	9,162.0
Sweden	5,256.9	7,560.8	7,482.8	8,685.0	8,643.0

Source: Danmarks Statistik, Statistiske Efterretninger, "Vaerdien af ind- og udførselsen paa vigtige lande og landeomraader samt paa varegrupper", 1974-1978.

Chart 15. Value of Danish Agricultural and Industrial Exports to Britain and Germany (in million kroner)

	B R I T A I N					G E R M A N Y				
	1973	1974	1975	1976	1977	1973	1974	1975	1976	1977
AGRICULTURE	3116.6	3714.6	4383.0	4114.0	3840.2	1329.7	1759.9	2135.6	2291.8	2508.1
of which live pigs and pork except canned ham	2144.1	2212.3	2704.2	2480.0	2183.7	290.0	276.9	366.7	434.0	534.9
INDUSTRIAL	3361.9	3601.3	3051.7	3192.1	3471.5	2671.5	3315.2	3570.1	4513.2	5421.1
TOTAL EXPORTS	7165.4	8024.4	9413.6	9417.9	8468.8	4852.6	6002.6	6647.5	7900.4	9162.0

Source: Danmarks Statistik, Statistiske Efterretninger, "Vaerdien af ind- og udførselen paa vigtige lande og landeomraader samt paa varegrupper", 1975-1978.

Chart 16. Denmark's Trade with the European Communities

	Denmark's total foreign trade (in billion kr.)	E.C.'s share in billion kr.	E.C.'s share in %
1972	65.3	28.9*	44.3
1973	84.5	38.5	45.6
1974	107.0	47.4	44.3
1975	107.7	47.4	45.4
1976	129.9	60.4	46.5
1977	140.0	64.5	46.1

	Value of exports	E.C.'s share of exports in billion kr.	E.C.'s share in %
1972	35.2	16.1*	45.7
1973	47.0	21.5	45.7
1974	60.5	27.5	45.5
1975	59.7	27.3	45.7
1976	74.9	35.4	47.3
1977	79.6	37.9	47.6

	Value of imports	E.C.'s share of imports in billion kr.	E.C.'s share in %
1972	30.1	12.8*	42.5
1973	37.5	17.0	45.3
1974	47.0	20.0	42.6
1975	50.0	22.4	44.8
1976	55.0	25.0	45.5
1977	60.4	26.6	44.0

*including Britain and Ireland.

Source: Danmarks Statistik as cited in europa, No. 3, March 1978, pp. 12-13.

Chart 17. Value of Danish Exports and Imports First Half 1978 (in million kroner)

	First Half 1977	First Half 1978
<u>IMPORTS FROM:</u>		
Britain	4,189.3	4,634.2
Germany	7,464.9	8,195.4
Sweden	5,292.9	5,362.8
<u>EXPORTS TO:</u>		
Britain	4,174.8	4,738.5
Germany	4,202.2	5,559.5
Sweden	4,538.0	4,205.8

Source: Danmarks Statistik, Statistiske Efterretninger, "Vaerdien af ind- og udførselsen paa vigtige land og landeomraader samt paa varegrupper", September 19, 1978.

1. Denmark's Foreign Trade

References and Notes

1. The European Community's External Trade 1958-1974, European Documentation 1976/1, Commission of the European Communities, Brussels, 1976, p. 3.
2. Ole Bus Henriksen and Anders Ølgaard, Danmarks Udenrigshandel 1874-1958, Copenhagen, G.E.C. Gads Forlag, 1960, p. 14; see also tables 3-6 in Chapter Three and table 10 in this Chapter.
3. H. Thustrup Hansen, "Danmarks internationale konkurrenceevne", Økonomisk Perspektiv, No. 5, Privatbanken, Copenhagen, April 1978, p. 7.
4. Ibid., p. 7.
5. Peter Brixtofte, "Vesttyskland ind paa 1. pladsen som aftager af danske varer", Børsen (Copenhagen), February 20, 1978.
6. Landøkonomisk Oversigt 1977, De samvirkende danske Landboforeninger, Copenhagen, 1977, table 72, pp. 74-75.
7. "Det vesttyske marked", Dansk Industri, No. 2, 1978, p. 16.
8. In relation to the Deutsche Mark, the Danish krone was devalued by 3 per cent on April 1, 1977, and by 5 per cent on August 28, 1977.
9. Landøkonomisk Oversigt 1977, table 67, p. 67.

N.B. Statistics are from Danmarks Statistik and Eurostat.

2. Denmark's External Monetary Policy

When the Bretton Woods Monetary System was implemented after World War II, the Danish krone was pegged with reference to the value of the British Pound. Since October 1972, however, the Danish krone has been a participant in the so-called monetary Snake, and it has thus in reality been tied to the Deutsche Mark. For Denmark the currency of reference is no longer the Pound Sterling, but the Deutsche Mark.

During the Middle Ages, the Danish monetary system was based on silver and the unit was the Mark, which originally denoted one pound of 'marked' silver.¹ In 1541, Christian III introduced the Daler which was equal to three Marks of 16 Skilling each. In 1813, the Rigsbankdaler, equal to six Marks of 16 Skilling, was adopted.

In 1873, Denmark signed a Monetary Convention with Sweden and Norway. The silver standard was replaced by a gold standard. The principal currency of reference was naturally the British Pound, as London was the trade and financial centre of the world, and in the case of Denmark, over half of her exports went to Britain. When the Scandinavian Monetary Convention came into force in 1875, Denmark introduced kroner and øre, a decimal system, as did Norway and Sweden.

As so often in cooperation among the Scandinavian countries, the incentive for creating a currency union, as well as its disappearance, was the result of external factors.² The impetus was the creation of the Latin Monetary Union in 1865, as well as the adoption of the gold standard in the German Reich in 1871, and the introduction of a uniform German currency in 1873.

The Scandinavian Monetary Union was suspended with the outbreak of war in 1914, when the three Scandinavian countries left the gold standard. Due to the economic conditions after the war, it proved impossible to re-establish the union and by 1924, it had lost its practical value, even though the Scandinavian Monetary Union was only officially terminated on November 3, 1972.³

When Britain abandoned the gold standard in 1931, Denmark followed suit. In January 1933, the Danish krone was tied to the British Pound at the rate of 22.40 kroner to the Pound. In September 1939, however, the krone was tied to the American dollar, as the British Pound kept going down in value. Further, Denmark did not want her currency tied to a nation at war.

Within the Bretton Woods Monetary System, the Danish krone was again pegged with reference to the British Pound. When Britain devalued the Pound in September 1949, and in November 1967, Denmark followed suit by devaluating the Danish krone by respectively 30.5 per cent and 7.9 per cent.⁴

When Germany, the Netherlands, Switzerland and Austria let their currencies float in May 1971, and the United States announced the suspension of the convertibility of the dollar into gold later in August, the Danish krone still, more or less, followed the British Pound.⁵ As a result of the Smithsonian Agreement in December 1971, exchange rates among the major currencies were significantly altered as compared to the rates in effect prior to August 15. The Danish krone was devalued by one per cent. Against the dollar the krone was actually revalued as the dollar was devalued by 8 per cent.

The Europeans were opposed to floating exchange rates, as the United States had proposed, and an agreement to establish a joint float vis-à-vis the dollar was finally reached in May 1972 by the member-states of the European Community as well as the four applicants: Denmark, Norway, Ireland and the United Kingdom. This was the so-called Snake in the Tunnel, a joint float where the participating currencies would float as a unit against the dollar, within a certain margin, while maintaining stable rates within a margin of 2.25 per cent among themselves. The narrower band was called the Snake, while the wider band of permissible fluctuation vis-à-vis the dollar was termed the Tunnel.

A month or so later, on June 23, 1972, Britain and Ireland left the Snake due to British balance of payments difficulties and speculation against the Pound. The Danish government feared that the krone too would come under pressure. The Danish government therefore tried to obtain support from the other EC-member-states, above all Germany, in case the krone should be threatened.⁶ The Danish foreign exchange reserves would have had to be supplemented by considerable loans in order to safeguard the krone, but the EC-member-states did not want to commit themselves to a country who was not yet a member. Denmark therefore decided to leave the Snake in order to have as much freedom of movement in case the krone came under pressure. Some months later, after the Danish EC-referendum in October, the krone returned to the Snake, at which time it was also decided to establish a European Monetary Cooperation Fund among the central banks of the Snake members. The Danish krone has since remained within the Snake. Sweden and Norway also joined the Snake, while Austria and Switzerland remained outside, but endeavoured to keep their exchange rates within the Snake's boundaries.

Britain and Ireland were only in the Snake for the first couple of months of its existence. Italy dropped out of the Snake in 1973, France first in 1974 and again in 1976, and Sweden in 1977. At a meeting of the Snake participants in Copenhagen on February 10, 1978, Norway was allowed to devalue the Norwegian krone by eight per cent. Norway was willing to drop out of the Snake, but due to very strong encouragement from Germany she remained within the Snake.

The Snake in the Tunnel had a short life. In January 1973, the Swiss franc had been floated and a two-tier exchange market had been established for the lira; but when the dollar was devalued by 10 per cent in February, the lira left the Snake. By March 1973, the rest of the Snake countries gave up trying to keep the exchange rate of the dollar within the margins of the Tunnel. The Tunnel exploded. The Snake in the Tunnel thus no longer exists, but the Snake does.⁷ In other words, the Snake is now a joint float, which floats freely against the American dollar.

The centre of the Snake is the Deutsche Mark, whereby the other Snake countries can be said to belong to a German currency area.⁸ The other smaller members of the Snake have found it desirable to tie their currency to their principal trading partner, which more than any other country in recent years has managed to maintain the real value of its currency. Yet, these smaller members of the Snake have preserved their monetary freedom as they can leave the Snake at any time.

Since the creation of the Snake and up until mid-1978, the Deutsche Mark has been revalued twice, while the Danish krone has been devalued. The Deutsche Mark was revalued by 5.5 per cent in June 1973, and by 2 per cent in October 1976, at which time the Danish krone was devalued by 6 per cent and the kroner of Norway and Sweden were devalued by 3 per cent. When

Sweden devalued by 6 per cent in April 1977, Denmark and Norway devalued by 3 per cent each. Later in August when Sweden devalued by 10 per cent and left the Snake, Denmark and Norway devalued by 5 per cent. The Danish krone has not been able to follow the Deutsche Mark. In addition, the Danish government must take into consideration other currencies which are important to Denmark. The three latest devaluations of the Danish krone must thus be seen in relation to the appreciation of the Deutsche Mark and the depreciation of the Swedish krone. These devaluations of the Danish krone were due to external forces, the first a German decision to revalue, the last two, Swedish decisions to devalue. If the Danish krone is compared to U.S. dollars, British Pounds, French Francs, Italian Lira and Swedish Kronor, then the Danish krone has appreciated in value since 1971.⁹ (see Chart 18).

It can be said that the Danish krone followed the British Pound right up until the Danish EC-referendum, whereafter the krone became a participant in the Snake and has thereafter been associated with the Deutsche Mark. There are several reasons for this. First, Denmark is a firm supporter of fixed, but adjustable, exchange rates.¹⁰ For Denmark it has been a highly dissatisfactory development with exchange rates moving in different directions at different speeds. Further, Denmark finds the situation completely ridiculous where there are fixed exchange rates in agricultural trade, while there are floating exchange rates for trade in industrial goods. Secondly, Denmark would like to see the establishment of the Economic and Monetary Union and the Snake may be one instrument in reaching this goal.¹¹ Thirdly, outside the Snake the krone would fall drastically in value thereby creating much greater inflation.¹² Being a member of the Snake forces the Danish government to maintain a

certain discipline in its economic policies. Should developments nevertheless get completely out of hand, then the Danish government can count on support from Germany through the European Monetary Cooperation Fund.¹³

In October 1977, Handelsbanken, one of the major banks, stated in Handelsbankens Konjunkturrapport Oktober 1977 that participation in the Snake hindered Denmark's freedom of movement in monetary matters. In light of the fact that Sweden had left the Snake, Handelsbanken recommended that the Danish government should consider doing the same, instead of the krone being tied to the world's strongest currency. Handelsbanken suggested that the krone leave the Snake, in its place establishing a basket of currencies against which the krone could float; a system already implemented in Sweden.

The Economic Secretariat (Det Økonomiske Sekretariat) immediately pointed out that Denmark does more trade with the present Snake members together, than with Sweden.¹⁴ Furthermore, a considerable devaluation of the Danish krone, in relation to the other Snake currencies, would have a damaging effect on the rate of inflation. Danish industry is dependent on the import of raw materials, often available in Sweden, but not in Denmark. Relative low import prices are therefore very important for holding down the cost level of industry, thereby keeping Danish products competitive. About 99 per cent of energy, be it coal or oil, is imported, whereas Sweden can supply a great part of her own energy needs. The total foreign debt of Sweden, private and public, is relatively small compared to the Danish foreign debt. As a percentage of Gross National Product, Denmark is also engaged in more foreign trade than Sweden, making Denmark much more vulnerable to exchange rate adjustments. Moreover, the indexation of Danish wages and salaries would almost

immediately transform the price increases induced by a devaluation into increased wages and salaries.

The Danish government too responded immediately to the report from Handelsbanken, stating that the Danish krone is in the Snake to stay. In fact, it is the policy of the Danish government to seek greater international monetary cooperation, particularly within the Snake.¹⁵

It has been suggested that the Snake has been a failure since three of the largest member-states, Britain, France and Italy, are not participants in the Snake. There have from time to time been rumors that the Snake might be abandoned. Why does Germany not quietly let the Snake die, instead of paying out money to keep it alive? Defending the weak Snake currencies has meant that Germany has had to buy up these weak currencies to an extent which has been a threat to Germany's domestic economic policies. Germany's goodwill might be explained by the desire to maintain this last plank for economic and monetary cooperation in the future. Giving up the Snake would also be a great psychological setback for the Community in a very important field. Through cooperation in the Snake, Germany also hopes to exert a certain amount of pressure on the other Snake members' economic policies, especially in the fight against inflation. For the smaller members, the Snake has been a bulwark against inflation, financed to a great extent by the German coffers. Further, through the Snake the German government hopes to be able to exert influence on American monetary policy. Germany has criticized the United States for exporting inflation, whereby Europe is helping to finance the American international debt.¹⁶ Yet, Germany wants to avoid a Community monetary policy directed against the United States.

Another crucial question has been: What comes first, monetary union or economic union? It is a question much like the one about the egg and the hen. Should the Community start by synchronizing economic policies, i.e. prices, wages, taxes, interest rates, and then ultimately currencies? Or should the member-states begin by locking together their exchange rates, thereby forcing a harmonization of their economic policies?

France has long regarded greater monetary cooperation as a moteur which would pull with it greater economic cooperation.¹⁷ In 1976, French Finance Minister Fourcade proposed a wider margin, that is a thicker Snake. He also recommended that the member-states' monetary reserves be pooled in a common fund with wide powers to help members in difficulties. Such cooperation would mean that the Community would be better able to control speculation and to maintain a stable exchange rate vis-à-vis the dollar.

Germany, on the other hand, has long advocated more economic discipline as the first phase, since the Germans do not want to finance run-away inflation in the other member-states, nor just give away their large reserves.¹⁸ To the French suggestions, Germany said that cooperation among the central banks according to the Rambouillet Agreement was functioning well, while the level of monetary cooperation must not be weakened just in order to let France, Italy and Britain back into the Snake. Moreover, unemployment and inflation differ greatly in the various member-states, and these problems are still dealt with primarily at the national level.

The moral for Denmark has been that it is necessary to impose certain domestic restraints in economic policies.¹⁹ Cooperation within the Snake is only a safety-net as long as Denmark makes certain that the development of prices and wages more or less follows that of Denmark's most important trading partners.

Denmark has tied the krone to the Snake and thus to the Deutsche Mark not only to have a currency of reference or fixed exchange rate, but also in order to manage her economic policies; that is, to avoid inflation led by higher prices in industries whose imports of raw materials would increase due to the resulting depreciation. Being a strong supporter of the survival, as well as a beneficiary, of the Common Agricultural Policy, Denmark is strongly in favour of fixed intra-Community exchange rates. In her desire for progress toward Economic and Monetary Union, Denmark has tied the krone to the Deutsche Mark, but not for the reasons Germany gives, as indicated above, on the contrary, Denmark uses the French arguments, e.g. monetary cooperation enforces a certain economic discipline. The Danish government is consequently a stout supporter of monetary cooperation within the Snake; according to the government there just is not any other realistic alternative for Denmark.

Britain, on the other hand, has never been a warm supporter of the Snake nor Economic and Monetary Union.²⁰ Britain was only a member of the Snake for the first two months of its existence. The role of Sterling created additional complications for the negotiations on entry and had earlier been used as the main excuse for General de Gaulle's second veto in 1967. The prospect of Economic and Monetary Union was quickly seized by the British opponents of EC-membership giving them new ammunition. In Britain, Economic and Monetary Union was identified with fixed exchange rates, which was not an attractive proposal for a country with a weak currency and a long history of balance of payments deficits.

In sum, before Denmark joined the EC, the currency of reference was the British Pound, but since the Danish EC-referendum in October 1972, the krone has been a participant in the Snake and thus tied to the Deutsche

Mark. In fact, when it comes to fixed exchange rates, the Snake, and the desire to establish an Economic and Monetary Union, Denmark has since membership followed a policy which is clearly much closer to that of Germany than to that of Britain.

Chart 18. Foreign Currency Exchange Rates
(cost of foreign currencies in Copenhagen expressed in Danish kroner)

<u>Year</u>	<u>DM</u>	<u>£</u>	<u>U.S.\$</u>	<u>S.Kr.</u>
1950	1.65	19.36		
1951	1.65	19.36		
1952	1.65	19.36		
1953	1.65	19.37		
1954	1.66	19.42		
1955	1.65	19.37		
1956	1.65	19.36		
1957	1.65	19.39		
1958	1.65	19.35		
1959	1.65	19.36		
1960	1.65	19.36		
1961	1.72	19.35		
1962	1.73	19.38		
1963	1.73	19.33		
1964	1.74	19.31		
1965	1.73	19.34		
1966	1.73	19.30		
1967	1.75	19.27	7.47	1.44
1968	1.88	17.92	7.50	1.45
1969	2.03	17.97	7.49	1.45
1970	2.06	17.91	7.49	1.45
1971	2.19	18.07	7.15	1.46
1972	2.14	16.06	6.85	1.45
1973	2.34	14.41	6.21	1.37
1974	2.36	13.49	5.79	1.38
1975	2.35	12.44	6.15	1.40
1976	2.45	9.80	5.84	1.40
1977	2.77	11.04	5.95	1.25

N.B. From 1950 to 1968, the rate shown here is the annual average exchange rate. From 1969 to 1977, the rate shown here is the average rate during December.

Source: Handelsbanken (in a personal letter dated February 9, 1978).

2. Denmark's External Monetary Policy

References and Notes

1. Denmark. An Official Handbook, Ministry of Foreign Affairs, Copenhagen, 1974, p. 453.
2. Toivo Miljan, The Reluctant Europeans. The Attitudes of the Nordic Countries towards European Integration, Montreal, McGill-Queens University Press, 1977, p. 87.
3. Denmark. An Official Handbook, p. 454.
4. Hans Christian Johansen, Udenrigshandel og Betalingsbalance, Copenhagen, Nyt Nordisk Forlag Arnold Busck, 1975, pp. 81-82.
5. Ibid., p. 83.
6. Uffe Ellemann-Jensen, Det Afhaengige Samfund. Danmark i det økonomiske verdensbillede, Copenhagen, Forum, 1972, pp. 95-96.
7. Robert W. Russell, "Snakes and Sheiks: Managing Europe's Money" in Helen Wallace, William Wallace, Carole Webb (Eds.), Policy-Making in the European Communities, London, John Wiley and Sons, Ltd., 1977, pp. 71-74; Bodil Nyboe Andersen, Udenrigsøkonomi, Copenhagen, Akademisk Forlag, 1976, pp. 88-89; Loukas Tsoukalis, The Politics and Economics of European Monetary Integration, London, George Allen & Unwin Ltd., 1977, pp. 126-130.
8. W.M. Corden, Inflation, Exchange Rates, and the World Economy, Chicago, University of Chicago Press, 1977, p. 141.
9. Svend Andersen, "Danmark's valutapolitik og dens internationale baggrund", Provinsbankens Temablad, November/December 1977, p. 4.
10. Dansk Økonomi Maj 1977, Det Økonomiske Raad, Copenhagen, 1977, p. 21; Økonomisk Sekretariat tilbageviser valutaslagens snarlige død, Det Økonomiske Sekretariat, Copenhagen, October 18, 1977.
11. "Mr. Andersen announces to Parliament that Danish Presidency will give top priority to fight against unemployment", Agence Europe (Brussels), No. 2369, January 19, 1978, p. 4.
12. Dansk Økonomi Maj 1977, p. 60; Torben Jantzen, "Trods 'devalueringen' giver slagen en vis valuta-stabilitet", Udenrigsministeriets Tidsskrift for Udenrigsøkonomi, November 1977, pp. 41-42.
13. Poul Skytte Christoffersen, Introduktion til den økonomiske integrations-teori, Copenhagen, 1977, Chapter VI regarding optimal currency areas.

14. Økonomisk Sekretariat tilbageviser valutaslagens snarlige død, pp. 1-4.
15. Jens Christensen, "Are the Danes good Europeans?", Danish Journal, No. 1, 1976, p. 3; Danmark i EF. 2. Økonomisk og Monetær Politik, Ministry of Foreign Affairs, Copenhagen, 1974, p. 13; "Nej til valuta-slinger i dansk økonomi. Ville genere positiv udvikling", Børsen (Copenhagen), February 14, 1978, pp. 1-4.
16. W.M. Corden, Inflation, Exchange Rates, and the World Economy, p. 85; "Schmidt says EEC is 'Financing U.S.'", Herald Tribune (Paris), December 6, 1977; Christian Iutz, "Den amerikanske dollarpolitik tvinger Europa til at føre en forkert økonomisk politik", europa, No. 6, June 1978, pp. 5-6.
17. K. Storm Hansen, "Valuta-Uroligheder", Udenrigsøkonomisk orientering, No. 22, Privatbanken, Copenhagen, June 1976, pp. 5-29; Loukas Tsoukalis, "Is the Re-Launching of Economic and Monetary Union a Feasible Proposal?", Journal of Common Market Studies Vol. XV, No. 4, June 1977, p. 232.
18. Tsoukalis, "Is the Re-Launching of Economic and Monetary Union a Feasible Proposal?", pp. 239-243; "EMU lives, and its saviour's name is Schmidt", Economist (London), April 15, 1978, pp. 57-58; Tsoukalis, The Politics and Economics of European Monetary Integration, p. 90.
19. K. Storm Hansen, "Valuta-Uroligheder", p. 16.
20. Tsoukalis, "Is the Re-Launching of Economic and Monetary Union a Feasible Proposal?", p. 234.

3. Agriculture

The fact that the European Community had a Common Agricultural Policy was a major determining factor in Denmark's decision to join the Community.¹ Denmark wanted secure markets for her agricultural exports, which are a significant source of foreign exchange earnings. As Britain and Germany are the two largest markets for Danish agricultural exports, it was only natural that Denmark welcomed Britain's decision to join the EC, whereby Denmark's two major export markets would come under the same regime. As a consequence, Denmark has been able to maintain her large agricultural production as well as her traditional markets.

Nevertheless, Denmark, like the other member-states, is not satisfied with the current functioning of the Common Agricultural Policy.² In Denmark's case two major issues have been the continued existence of monetary compensatory amounts as well as the so-called green currencies. Secondly, there has been the dispute between, on the one hand, Britain, and on the other, Denmark, as well as the Commission, regarding British subsidies to pig producers.

There are two other significant matters in regard to Danish agriculture. First, during the first five years of EC-membership, the percentage of Danish agricultural exports to Britain has decreased, the value of exports even having fallen in 1976 and 1977, Danish dependency on the British market thus having diminished. Meanwhile, agricultural exports to the other member-states have increased, especially to Germany, but also to Italy. A shift in the Danish trade pattern has taken place.

Secondly, before membership of the Community, the various organizations making up the Danish Agricultural Council would buy, sell, produce, distribute, market and export their own products. In the Agricultural

Council, the Danish farmers have a powerful organization. With EC-membership, however, the Agricultural Council has lost much of its former influence and authority, as it is no longer the Agricultural Council or one of its organizations which along with the Danish government negotiates agreements with foreign governments. It is now the Danish government which must protect the interests of Danish farmers and which must negotiate prices and policies in Brussels. The Agricultural Council, which formerly possessed all pertinent information related to agriculture in Denmark, is now in the position where it must pass on this information and then let the government negotiate on its behalf. Many employees have left the Council and are now working for the Ministry of Agriculture. This change is one of the consequences of EC-membership.

In connection with the liberalization of trade in the post-war period, there was talk in Denmark of establishing a Danish Bacon Factories' Export Association, as the Danish government had decided to repeal the Export of Agricultural Products Act and to abolish the Ministry of Agriculture's Bacon Committee. The By-Laws of the Danish Bacon Factories' Export Association, an organization which came under the farmers' Agricultural Council, were passed by the Bacon Factories' competent assemblies in August 1949. One of the objectives of the Danish Bacon Factories' Export Association was to negotiate export terms with the Danish and/or foreign governments or organizations.

After September 1948, the export of Danish bacon to Britain was governed by a four year Long Term Agreement between the Danish Ministry of Agriculture and the British Ministry of Food. With the abolition of the Ministry of Agriculture's Bacon Committee in March 1950, the Danish Bacon Factories' Export Association became a party to the Long Term

Agreement and would conduct the negotiations on behalf of Denmark, the Danish government signing the final agreement reached after the annual negotiations. According to the Long Term Agreement, Britain was committed to buy, and Denmark to sell to Britain, at least 90 per cent of Denmark's exports of bacon, the so-called 90 per cent clause.³ Imports of fresh pork and live pigs into the United Kingdom was, and still is in 1978, prohibited, except from Ireland, for veterinary reasons.

By 1949, Germany again became the second most important agricultural market for Denmark, especially for lard, and live sows and pigs. Germany preferring to import live sows and pigs, set the tariff for slaughtered pigs twice as high.⁴

Before expiring in 1952, the Long Term Agreement with Britain was renewed for two years until 1954. In June 1953, negotiations were begun to renew the Agreement until September 1956. Meanwhile, demand for bacon and ham was increasing in third markets. The June 1953 negotiations therefore met much opposition in Denmark when Britain wanted to retain the 90 per cent clause in the Agreement. Denmark still had to export 90 per cent of her bacon to Britain, but at most 230,000 long tons in 1953/54 and 200,000 long tons in 1954/55 and 1955/56. Moreover, Britain wanted a price reduction of 10 per cent. Britain's position was based on the fact that fodder prices had gone down and British bacon production had increased. Furthermore, Britain wanted to safeguard her foreign exchange earnings. Denmark protested by saying costs had gone up, especially wages. Regarding a British demand for better quality, that is leaner bacon, Denmark proposed that all bacon should be graded. This was turned down by Britain as the British bacon ration regulations stipulated a unit price for all bacon.

The effects of the new Bacon Agreement were mollified by the increased international demand for live pigs and pork in late 1953. Denmark even asked Britain if bacon exports could be reduced, which was allowed since Britain wanted to clear out her warehouse stocks. However, in early 1954, the British Ministry of Food asked the Danish government to increase bacon exports to Britain, otherwise it would be necessary to reduce the British consumers' bacon rations, which would be detrimental politically as the British government had planned to abolish the bacon rations in the summer of 1954.

The result was that the Danish government prohibited the export of live and slaughtered sows and pigs. Furthermore, domestic Danish consumption was reduced to the first quarter 1953 level. During the next four weeks 20,000 long tons of bacon were delivered to Britain.

The negotiations between Denmark and Britain for the terms of bacon export for the year 1954/55 were begun in May 1954. The Danes wanted an increase in price of 10 per cent and an increase of their annual quota from 200,000 to 250,000 long tons. The British were willing to increase the quota to 220,000, but wanted a 10 per cent reduction in price. The negotiations ended without any result. A second round of negotiations also ended without an agreement. In the final agreement, the price was unchanged and the quota was set at 208,000 minimum and 240,000 long tons maximum. At the same time the clause stipulating that 90 per cent of Danish bacon exports had to be exported to Britain was deleted from the new agreement. This was welcomed and the Danish measures restricting exports to third markets could therefore be repealed.

Bacon rations were abolished in Britain in June 1954. The expected increase in bacon consumption did not materialize, on the contrary, the

Ministry of Food which imported bacon according to various bilateral agreements was forced to reduce the price to stimulate the sale of bacon. That meant that while the Ministry of Food in the summer of 1954 earned about 20 per cent on bacon imported from Denmark, it sold at a loss of 4 per cent by early 1955.

The last round of negotiations under the Long Term Agreement, which would expire in September 1956, took place in July 1955. Britain demanded a price reduction of 10 per cent and proposed a quota of 200,000 long tons. In regard to the period after October 1, 1956, Britain pointed to three options: (1) a new Long Term Agreement; (2) quotas; or (3) free trade in connection with a low tariff.

No agreement was reached as The Danish Bacon Factories' Export Association found the demand of a 10 per cent price reduction unacceptable. The Export Association preferred a cancellation of the Long Term Agreement and a transition to free trade. The Danes also tried to prolong the negotiations as this would probably strengthen the Danish negotiation position. This strategy worked as the price of bacon went up when the Danes began reducing their bacon exports during the summer of 1955.

Agreement was reached in the middle of September. The price was increased by 1.1 per cent and the quota was set at 208,000 long tons. However, the 90 per cent clause was reinstated.

When the Long Term Agreement expired in October 1956, Britain introduced free trade in bacon, after 24 years of state control, and a 10 per cent tariff. At the same time, Britain promised Denmark in a bilateral agreement: (1) to consult and negotiate with Denmark if future developments should threaten Danish bacon interests; (2) to suspend the tariff should quantitative restrictions or state trade be introduced;

(3) to ensure a Danish market share of between 70 and 75 per cent of bacon imports should quotas be introduced; (4) to bind the tariff at 10 per cent, unless the whole present agreement was terminated; and (5) to guarantee the present agreement for four years.

The liberalization of British bacon imports was an advantage for Denmark. In 1959, Denmark exported about 250,000 long tons of bacon to Britain, by 1964, 290,000 long tons. From 1959 to 1964, Denmark's market share of British bacon imports increased from 70 per cent to 75 per cent, which was approximately 48 per cent of total bacon sales in Britain.

In July 1960, the bacon tariff was reduced to 5 per cent, and in July 1961 the British bacon tariff was abolished. By 1962, the British market was being flooded with bacon causing a decline in prices. The British government wanted stable marketing conditions and it wanted to safeguard British bacon production. Consequently, the British government initiated negotiations with the various bacon exporting countries. A quota system was introduced on April 1, 1964, whereby each country was given a certain quota, in the case of Denmark, 286,500 long tons, which was 46.6 per cent of total quotas. British farmers were allotted a quota of 222,400 long tons, approximately 36.1 per cent of total quotas. The third largest quota was, right until Britain joined the EC, given to Poland. Of the EC countries, only the Netherlands was given a quota. The Dutch quota was 13,000 long tons for the first year of quotas. The Dutch quota was gradually reduced to 7,520 long tons by 1971/72.

With EC-membership, Denmark attained easier access to the market of The Six, while on the British market Denmark encountered competition from the Netherlands and Germany. Denmark's agricultural exports to

Britain have diminished during the first five years of membership, above all for bacon. This situation is to a great extent due to the Community's price policy in agriculture. (see charts 19 and 20).

One of the fundamental principles of the Common Agricultural Policy is that each farmer should be able to obtain the same price in his own national currency, whether his product was sold in his own country or in one of the other member-states. This can be accomplished without difficulty in a situation where there is a fixed rate of exchange between the national currencies and the Unit of Account used in defining common prices. That was the case in the late 1960's.

This precondition no longer exists when floating exchange rates are introduced, while maintaining the old fixed exchange rate for the Unit of Account used in defining common prices in the agricultural sector. While the British Pound has depreciated greatly, Britain has not wanted to see an increase in food prices which would normally have been the consequence of a depreciating Pound. On the other hand, the Deutsche Mark has increased in value, which would have meant that the German market could have been flooded with cheaper food imports, which would have been detrimental to the German farmer. To secure cheap food prices in Britain and to maintain a decent price level for the German farmer, it has been necessary to devise a special exchange rate system within the Common Agricultural Policy: the monetary compensatory amounts. As a consequence, the Agricultural Fund was in 1977 subsidizing agriculture to the tune of about one billion Units of Account, above all the British consumer and the German farmer.⁵

The continued existence of the monetary compensatory amounts are against the principles set down for agriculture in the Treaty of Rome,

and they are a burden on the Community budget. The monetary compensatory amounts also disrupt prices and costs as changes in the national exchange rate are not reflected in the agricultural sector, nor do revaluations or devaluations affect the economy as a whole. Moreover, production and trade is distorted within and between countries through the artificial price and cost levels.

As of October 7, 1977, the monetary compensatory amounts were 31.9 per cent for the United Kingdom, 15.1 per cent for Italy, 14.5 per cent for France and 4.3 per cent for Ireland.⁶ For these countries with a depreciated currency they play the part of an import subsidy and an export charge. The amounts are 7.5 per cent for Germany and 1.4 per cent for the Benelux countries, where they, on the contrary, play the part of an import charge and of an export subsidy. Denmark is the only member-state of The Nine which does not use monetary compensatory amounts.

Denmark has consistently sought the abolition of monetary compensatory amounts. In October 1976, the Commission proposed their gradual abolition over a ten year period.⁷ This proposal, however, was rejected by Britain and Germany.⁸

The situation began to look a little brighter for Denmark when at the end of 1976, Danish Commissioner Finn Olav Gundelach was given the agricultural portfolio in the new Commission. He announced that the abolition of monetary compensatory amounts would be given the highest priority.⁹ Nevertheless, one of the first issues Gundelach had to deal with was the British so-called emergency subsidy, starting January 31, 1977, to pig farmers. The subsidy, worth about 3.50 Pounds Sterling per pig or one million Pounds Sterling altogether, was to support British pig producers who were facing very strong competition, especially from Denmark.

The British farmers cannot compete with pork imports because the imports are sold at a very low price, due to the import subsidies, that is, monetary compensatory amounts, which the British government is not willing to dismantle. The British government has therefore itself created the situation in which the British pig producers now find themselves.

By this illegal subsidy the British government was twice guilty.¹⁰ First, Britain decided unilaterally to pay the subsidy after little prior discussion with the Commission. Second, Britain paid the subsidy after Brussels had learned of the subsidy and had questioned its legality.

The British pig subsidy was strongly criticized by the Danish Minister, Poul Dalsager, at the next Council of Agricultural Ministers' Meeting. The other member-states all supported Denmark, especially the Netherlands and Ireland. The meeting was chaired by the British Minister of Agriculture, John Silkin, as the British had the Presidency for the first half of 1977. No agreement was reached. John Silkin, not exactly a supporter of the EC, was criticized for not being a just and fair chairman.¹¹

The Commission or Denmark could take the case to the Court of Justice in Luxembourg. The Commission did. Moreover, the Commission sent a letter to London stating that the subsidy was illegal and asking when it would be terminated. The British government promised to terminate the pig subsidy, but did not state a date and continued to pay the subsidy.

On May 20, 1977, the European Court of Justice ordered the United Kingdom to immediately stop national subsidies in the pigmeat sector.¹²

The Court also made the point that Britain should have asked the Commission for approval beforehand. The British pig subsidies were ended June 11, 1977.

A few days after the Court decision, Britain asked the Commission to approve emergency help for the 30,000 British pig farmers. British government lawyers had found a let-out clause in the Accession Treaty which enables new member-states to apply to the Commission for help in the event of a severe threat to any sector of the economy.¹³ The validity of this article, number 135, expired at the end of 1977.

Agricultural Commissioner Gundelach indicated that help would be forthcoming. Since Article 135 gives the Commission wide powers, a number of alternatives were open. The Commission could give the pig sector help to store slaughtered animals, or allow Britain to give aid for animal feed. Gundelach, however, thought that the best solution would be for Britain to devalue its Green Pound.¹⁴

On June 8, 1977, the Commission approved measures to relieve the crisis affecting British pig farmers. The Basic Price which is the basis for calculating the monetary compensatory amounts was thus increased by 3.7 per cent, Community restitution payments were increased and the scheme for storing pork surpluses within the Community was improved.¹⁵

Then on August 28, 1977, Denmark devalued the krone by 5 per cent, as did Norway. Since Sweden devalued by 10 per cent, Denmark and Norway felt that they had to follow Sweden some of the way. Earlier in April when Sweden had devalued by 6 per cent, Denmark and Norway had devalued by 3 per cent.

When Denmark devalued in April 1977, as well as back in October 1976, Denmark had sought also to have the representative rate, or green krone,

devalued. In each case the Council agreed to the devaluation of the green krone and thus no monetary compensatory amounts had to be introduced in the case of Denmark. However, when the green krone was devalued in April 1977, the United Kingdom asked for an assessment of the consequences for the price of bacon.¹⁶ More important though, when the krone was devalued on August 28, 1977, Britain withheld her consent to a devaluation of the green krone as the price for an agreement by the Community to meet the British government's long-standing demand for a thorough reform of the way in which monetary compensatory amounts were calculated for pigmeat producers.¹⁷ Britain sought to have the monetary compensatory amounts calculated on 67 per cent of the Basic Price, instead of on 85 per cent.

In reality this pigmeat question arises similarly for all farm products which are subject to industrial processing, or which are elaborated with base products which do not benefit from monetary compensatory amounts. For example, Germany can obtain soya on the world market with an exchange advantage which is not penalized by a compensatory amount. This soya can be fed to pigs as fodder. Subsequent German export to Britain gives the right to monetary compensatory amounts, which are calculated on 85 percent of the market price in the case of pork. Britain, a country with a weak currency, is therefore calling for a revision of the method of calculation of the monetary compensatory amounts.

In any event, agreement in the Council, on the devaluation of the green krone, was obtained when Gundelach promised to present new modified proposals to adjust monetary compensatory amounts. These proposals were above all to take into account the need to revise the method of calculation for certain products, including pork. At the same time, the Commission would submit a report to the Council on the possibility

of introducing the European Unit of Account into agricultural calculations. The Danish Minister of Agriculture stated that he would look objectively at the Commission's proposals. However, he refused to promise that Denmark would agree to revise the method of calculation.¹⁸

France and Italy, as well as Britain, consider the reduction of monetary compensatory amounts for pork one possible means to assist their pig farmers. Nevertheless, before the September Council Meeting, Poul Dalsager had flown to Paris and Rome. Both France and Italy promised that they would not use the devaluation of the Danish krone to demand a reduction in the monetary compensatory amounts for pork.¹⁹ After the Council Meeting the French Minister of Agriculture stated that he would now investigate if there was a need to devalue the green franc.

On October 27, 1977, the Commission presented its proposals for the abolition of monetary compensatory amounts over a seven year period.²⁰ The chosen formula was relatively simple: each year currently existing monetary compensatory amounts would be cut by at least one-seventh. As regards possible increases in the amounts during the fiscal year, if new monetary disorders should materialize, they would be abolished the following year. However, the total resulting adjustments in the green rates would not exceed 5 per cent a year, the fraction over this 5 per cent being carried over to the following year.

Exactly one year earlier, on October 26, 1976, the Commission had presented to the Council a proposal for a permanent system for the adjustment of monetary compensatory amounts.²¹ To regularly adapt the green rates to economic realities, the Commission had proposed to calculate every six months the average depreciation of a currency by taking the last eighteen months as a reference period. The average rate

thus calculated would six months later be the green rate applicable in agricultural calculations.

In regard to the appreciated currencies, the Commission had proposed to act differently because the operation is more delicate since it takes the form of a drop in agricultural prices. To avoid such a prospect the adjustments would only be made when the annual prices were established.

The Commission had also proposed an upper limit be set, above which the green rate could not exceed. In order to prevent sudden or constant adjustments, the Commission had therefore proposed to introduce a 'buffer' which would be applicable a certain number of months to prevent the increase in certain agricultural prices in the countries with devalued currencies from exceeding the average inflation rate.

The proposal of a year earlier had been strongly supported by Denmark, while Britain and Germany thought that this permanent system was much too rigid.²² No decision could therefore be reached to abolish monetary compensatory amounts.

Later, on May 4, 1977, the Danish government had sent the Commission and the other eight member-states a memorandum regarding monetary compensatory amounts.²³ The Danish government reiterated the importance it placed on the Commission's proposal of October 1976 to abolish monetary compensatory amounts. The memorandum stated that the present system (1) has annulled the common price level; (2) has distorted competition; and (3) has been a burden on the budget. According to the Danish government, a solution would have to include all sectors and all countries; so far, all adjustments had been on an ad hoc basis. The Danish government therefore attached great importance to the resumption

of negotiations regarding the Commission's proposals to abolish the monetary compensatory amounts.

The Danish memorandum further stated that during discussions of reducing the monetary compensatory amounts, the British had emphasized that under the present system the greatest burden is placed on the countries with floating currencies. The Danish government would therefore not in advance reject a proposal to employ the European Unit of Account in the agricultural sector, provided that certain measures were adopted to assure a smooth transition.

The European Unit of Account is defined as a basket of EC currencies. This means, first, that the new unit of account for agriculture would correspond to the actual exchange rates. Second, if just one EC currency is devalued or revalued, then the value of the European Unit of Account would be altered. On the basis of the current rate of exchange for the present unit of account used in agriculture, it would mean that the unit of account would be devalued by 17 per cent when the European Unit of Account is introduced. Transition measures must therefore necessarily include an increase in the common prices as expressed in European Units of Account, which would imply retention of the present monetary compensatory amounts. Prices expressed in national currencies would not be changed.

Introducing the European Unit of Account in agriculture would mean that the burden of reducing future monetary compensatory amounts would be shared by all member-states, as the value of the European Unit of Account will vary in accordance with the weighted average for all currencies. At the same time, the monetary compensatory amounts will vary for all member-states, while at present they only vary for countries with floating exchange rates.

The Danish government's memorandum further rejected all the specific proposals from the other member-states to change the current system of monetary compensatory amounts, as all these proposals had been partial and would have led to further distortion among the various agricultural sectors. The proposal, that monetary compensatory amounts on pork should be calculated on the basis of cost plus costs for raw materials to which monetary compensatory amounts do not apply, minus processing costs, was unacceptable to Denmark. This proposal went against the very principle of the monetary compensatory amounts system, which is for these amounts to cover the difference between the intervention prices in the various member-states. This proposal would have, if it had been adopted, created serious risks of distorting the intervention system.

When the European Unit of Account is introduced the monetary compensatory amounts will vary in accordance with the national exchange rates. On the other hand, if the monetary compensatory amounts are fixed in advance, this could lead to speculation in the fluctuations of the monetary compensatory amounts and thereby further increase the agricultural Fund's expenditures.

The Danish memorandum further said that for Denmark the situation created by monetary compensatory amounts was not tenable. This system had perverse affects. It was absolutely necessary to adjust the rates of conversion for currencies in the agricultural sector to the rates of the currency markets, as is the case in all other sectors of the economy; if not, countries whose currencies are depreciating find themselves at a disadvantage, which leads to the creating of national measures to help producers.

Last but not least, the Danish government's memorandum stated that Denmark could not accept a further increase in the monetary compensatory amount percentages. The percentages had increasingly to be decreased thus that monetary compensatory amounts could ultimately be abolished for all sectors and for all countries.

Sending a memorandum to the Commission and the other member-states was obviously not enough to get them to take action. Denmark had therefore established a link between the issue of monetary compensatory amounts and the plan to introduce a system for financing EC budgetary expenditures entirely out of so-called "own resources".²⁴ Financial autonomy will be accomplished for the Commission when each individual member-state no longer has to make financial contributions to the EC budget, instead revenue would accrue from customs duties, agricultural levies and a given percentage of the Value Added Tax.

In the middle of May 1977, the Council adopted the sixth Value Added Tax Directive which defines the basic concepts, for instance, what persons are to be taxed, what transactions and events are to be taxed, and how the tax is to be charged.²⁵ It also spells out special arrangements for small businesses, a flat rate scheme for farmer exemptions and the supply of services.

Denmark agreed to drop her reservations on the Value Added Tax Directive after Britain and Germany submitted statements declaring that they recognized the temporary nature of the monetary compensatory amounts and when the Commission said it would unveil proposals in October 1977, for its policies on monetary compensatory amounts and their abolition.²⁶ In light of these declarations, the Danish government was able to withdraw its reservations on the Directive and instead the reservations were

transferred to the financial regulation for the application of the new Community financial system, comprising the drawing up of the budget in the European Unit of Account and the payment of a fraction of the Value Added Tax to the Community.

One of the consequences of this whole issue has been that the President of the Commission, Roy Jenkins, has relaunched the debate on Economic and Monetary Union. The existence of green currencies has for one brought this old objective to the fore again.

Denmark's target has not only been the green Pound, Danish farmers sell much butter and bacon to Britain as a result of it, but the green Deutsche Mark, which discourages Danish farm-sales to Germany.²⁷ The German farmers thus enjoy a certain amount of protection on their own market, while their exports to Britain are heavily subsidized.

To sum up, when it comes to the Common Agricultural Policy, Denmark has faced several issues, the abolition of the monetary compensatory amounts, the British subsidies to pig farmers, the new Community financial system and the devaluation of the green krone.

Farm policies are established in Brussels, negotiated among the various governments. The Danish farm organizations belonging to the Agricultural Council, like the Danish Bacon Factories' Export Association, have in this way lost some of their former influence and power as they may no longer participate in the negotiations with foreign governments or organizations. The liberal farmers must rely on a government, which in turn might often be Social Democratic.

Since joining the Community, Danish agricultural exports to Britain have diminished, while exports to Germany have increased considerably. Agricultural exports to the other member-states have also increased,

Italy now clearly being Denmark's third most important market for farm products. The former overwhelming Danish dependency on the British market for agricultural exports has been lessened.

In regard to not immediately abolishing monetary compensatory amounts, Britain is supported by Germany. Otherwise, the agricultural disputes Denmark has had with the other member-states have often, as in the past, been with Britain, who still represents the largest and most important single market for Danish agricultural exports, although it is a diminishing one.

Chart 19. Origin of Bacon on the British Market (in 1000 long tons)

<u>YEAR</u>	<u>IMPORTED FROM DENMARK</u>	<u>TOTAL IMPORTS</u>	<u>BRITISH BACON PRODUCTION</u>	<u>TOTAL BRITISH BACON CONSUMPTION</u>
1960	280	397	176	573
1961	276	383	203	585
1962	289	399	222	621
1963	287	395	217	602
1964	290	391	219	610
1965	300	397	229	626
1966	298	397	206	603
1967	300	402	199	601
1968	300	406	216	622
1969	284	386	234	620
1970	283	378	247	625
1971	282	370	283	653
1972	267	352	271	623
1973	238	305	252	557
1974	235	290	237	527
1975	232	279	207	486
1976	209	259	226	485
1977	210	267	215	482

Source: Eksport-Svineslagteriernes Salgsforening 1950-1975, Eksport-Svineslagteriernes Salgsforening, Copenhagen, 1975, and Statistik 1977, Eksportsvineslagteriernes Brancheudvalg, Copenhagen, 1978, p. 19.

Chart 20. Danish Bacon Exports to Britain

<u>YEAR</u>	<u>DENMARK'S SHARE OF BRITAIN'S TOTAL BACON SALES</u>	<u>DENMARK'S SHARE OF BRITAIN'S BACON IMPORTS</u>
1960	48.8 %	70.4 %
1961	47.2	72.1
1962	46.5	72.4
1963	47.7	74.5
1964	47.5	74.2
1965	47.9	75.6
1966	49.4	75.1
1967	49.9	74.6
1968	48.2	73.9
1969	45.8	73.6
1970	45.3	74.9
1971	43.2	76.1
1972	42.8	75.8
1973	42.7	77.8
1974	44.6	81.0
1975	47.7	83.2
1976	43.1	80.7
1977	43.6	78.7

Source: Eksport-Svineslagteriernes Salgsforening 1950-1975, Eksport-Svineslagteriernes Salgsforening, Copenhagen, 1975, and Statistik 1977, Eksportsvineslagteriernes Brancheudvalg, Copenhagen, 1978, p. 19.

3. Agriculture

References and Notes

1. For a good account of Danish agriculture see Landbruget i Danmark, The Agricultural Council, Copenhagen, 1977; Danmark i EF. 4. Landbrug, Ministry of Foreign Affairs, Copenhagen, 1974; and Jacob A. Buksti, Et Enigt Landbrug?, Aarhus, Universitetsforlaget, 1974.
2. Hvad mener Danmark om EF's landbrugspolitik?, Ministry of Agriculture, Copenhagen, 1977.
3. Eksport-Svineslagteriernes Salgsforening 1950-1975, Eksport-Svineslagteriernes Salgsforening, Copenhagen, 1975, p. 25.
4. Ibid., p. 25.
5. "Commission presents a mechanism for the permanent adjustment of agricultural compensatory amounts", Agence Europe (Brussels), No. 2078, October 22, 1976, p. 7.
6. "Agriculture: Commission might present a ten-year plan to return to market unity through abolition of compensatory amounts", Agence Europe (Brussels), No. 2034, October 8, 1977, p. 8.
7. "Commission presents a mechanism for the permanent adjustment of agricultural compensatory amounts", Agence Europe (Brussels), No. 2078, October 22, 1976, p. 7.
8. "Agricultural Ministers of "Nine" to endeavour to settle question of Danish "Green" Krone", Agence Europe (Brussels), No. 2284, September 10, 1977, p. 5.
9. "Landbrugsrapport fra EF som oplæg til prisforhandling", Jyllands-Posten (Aarhus), January 24, 1977, p. 15.
10. Hugh Clayton, "Britain defies EEC in defence of pig market", Times (London), February 4, 1977, p. 6; "European Court of Justice orders the United Kingdom to stop subsidies in the pigmeat sector immediately", Agence Europe (Brussels), No. 2222, May 23/24, 1977, p. 6.
11. "Lavpunkt i EF. Britisk formandskab en skuffelse", Politiken (Copenhagen), July 1, 1977, p. 4; "Britisk egoisme", Jyllands-Posten (Aarhus), June 29, 1977, p. 10; Hans Jørgen Sørensen, "Dansk raseri over den britiske ledelse af EF: De vil bare rage til sig", Aktuelt (Copenhagen), March 31, 1977, p. 16; "The Man who likes barking", Observer (London), April 30, 1978, p. 5.

12. "European Court of Justice orders the United Kingdom to stop subsidies in the pigmeat sector immediately", Agence Europe (Brussels), No. 2222, May 23/24, 1977, p. 6; Hugh Clayton, "Britain defies EEC in defence of pig market", Times (London), February 4, 1977, p. 6.
13. Richard Norton Taylor, "EEC help likely for pig farmers", Guardian (Manchester), May 25, 1977, p. 28; Hugh Clayton, "Britain agrees to end pig subsidy payments", Times (London), May 25, 1977, p. 6.
14. For a British position similar to that of Agricultural Commissioner Gundelach, regarding monetary compensatory amounts, see Edmund Neville Rolfe, Agriculture in the European Community, Economist Intelligence Unit Report No. 49, January 1978.
15. Robin Reeves, "Cautious U.K. welcome for EEC pig package", Financial Times (London), June 9, 1977, p. 1.
16. "Council approves immediate devaluation of Danish "Green" Krone", Agence Europe (Brussels), No. 2192, April 6, 1977, p. 7.
17. "Nye britiske krav truer den danske eksport af svinekød", Jyllands-Posten (Aarhus), September 2, 1977, p. 15; J.W. Murray, "Beef farmers fight to stop calf exports", Observer (London), September 11, 1977, p. 8.
18. Max Malzer, "Grønt lys for nedskrivning af dansk EF-valuta", Børsen (Copenhagen), September 14, 1977, p. 6; "Britiske løve tavs", Jyllands-Posten (Aarhus), September 14, 1977, p. 15.
19. Max Malzer, "Grønt lys for nedskrivning af dansk EF-valuta", p. 6; "Agricultural Council: Danish "Green" Krone will be devalued by 5 % on 16 September", Agence Europe (Brussels), No. 2286, September 14, 1977, pp. 4-5.
20. Economic effects of the agri-monetary system, COM(78)20 final, Commission of the European Communities, Brussels, February 10, 1978; Commission Report of the Effects of the Agri-Monetary System, Commission of the European Communities, Spokesman's Group Information P-11, February 1978; "Agriculture: Commission proposes abolishing present compensatory amounts in seven years' time", Agence Europe (Brussels), No. 2318, October 28, 1977, p. 7.
21. "Commission presents a mechanism for the permanent adjustment of agricultural compensatory amounts", Agence Europe (Brussels), No. 2078, October 22, 1976, p. 7.
22. "Agricultural Ministers of "Nine" to endeavour to settle question of Danish "Green" Krone", Agence Europe (Brussels), No. 2284, September 10, 1977, p. 5.

23. Memorandum fra den danske regering om det monetaere udlignings-system i landbrugssektoren. Skrivelse fra herr ambassadør N.E.N. Ersbøll til herr generalsekretær N. Hommel, Raadet 1126/77 af den 12. maj 1977 (AGRI 313); see also "Agricultural Compensatory Amounts: Denmark again insists in memorandum on need to gradually abolish this mechanism", Agence Europe (Brussels), No. 2220, May 19, 1977, p. 6.
24. "As the temporary nature of agricultural compensatory amounts has been reaffirmed, Denmark can withdraw its reserve on the adoption of the VAT Directive", Agence Europe (Brussels), No. 2217, May 14, 1977, p. 4.
25. Adoption of Sixth V.A.T. Directive, Commission of the European Communities, Spokesman's Group Information P-44, May 1977.
26. Guy de Jonquieres, "EEC budgetary financing agreement", Financial Times (London), May 17, 1977, p. 5; "As the temporary nature of agricultural compensatory amounts has been reaffirmed, Denmark can withdraw its reserve on the adoption of the VAT Directive", Agence Europe (Brussels), No. 2217, May 14, 1977, p. 4.
27. "EEC budget. Dogged Danes", Economist (London), May 14, 1977, p. 61.

4. Fisheries

Fisheries, according to Article 38 of the Treaty of Rome, come under the Common Agricultural Policy. However, with the advent of the United Nations Conference on the Law of the Sea, the recognized need for conservation measures and the declarations by Iceland and Norway to establish a 200 mile fishing zone, the Commission felt it was necessary to establish a Common Fisheries Policy in its own right.¹ At the beginning of 1977, the Commission therefore created a new Directorate General for Fisheries.

According to the Treaty of Rome, the objectives of the Community's Common Fisheries Policy, as in agriculture, are: (1) to increase productivity; (2) to ensure a fair standard of living for fishermen; (3) to stabilize markets; (4) to assure the availability of supplies; and (5) to ensure reasonable prices.

In 1970, the Council further decided that Community fishermen must have equal access to the territorial waters of all member-states, that it was necessary to implement certain conservation measures, and that it was imperative to coordinate further the existing national fisheries policies.²

With the accession of Britain, Denmark and Ireland in 1973, certain accommodations were made in regard to Community fishing rights: all member-states were permitted to declare a six mile exclusive zone for their own fishermen and a 12 mile exclusive zone was allowed in certain areas where fishing is of vital importance to the local inshore Communities. These areas are, among others, the Shetland and Orkney Islands, parts of the Scottish and English east coast, Greenland, and

most of the west coast of Jutland, as well as the French coast by Normandy and Brittany. These exclusive zones were permitted for a period of ten years. In October 1976, the Commission outlined its proposal for a new Common Fisheries Policy, whereby would be established an External Fisheries Policy and an Internal Fisheries System.³ The Commission's proposals were based on a Community fisheries zone of 200 miles and on the crucial need to conserve existing stocks of fish, thus having to implement quotas and other conservation measures. The main features of the proposals were:

- the creation of a 200 mile Community fisheries zone on January 1, 1977.
- the opening of negotiations with third countries to agree on rights of access.
- the establishment of a 12 mile zone around Community coasts to protect the interests of the local inshore fishermen.
- the maintenance of traditional and historical rights of other fishermen within the 12 mile zone.
- the introduction of catch quotas coupled with other conservation measures.
- the adoption of a licensing system for fishing boats to ensure strict supervision of Community measures.
- the allocation of 400 million Units of Account over five years for streamlining and modernizing the fishing industry.

The Council was able to agree to extend the Community fisheries zone to 200 miles and to open negotiations on rights of access with third countries. Meanwhile, the other proposals presented serious problems. Britain and Ireland could not accept 'only' a 12 mile zone within which other member-states would retain their historic fishing rights.

The British fishermen demanded a 100 mile exclusive coastal belt, while both the British and Irish governments were willing to consider a belt varying from 12 to 50 miles in different areas according to regional factors.⁴ No agreement could be reached within the Council, Britain and Ireland were adamant in their position. At the Council Meeting on November 3, 1976, at The Hague, the member-states agreed, however, that if the Council was unable to reach a decision, then the individual member-states could take national measures to implement conservation legislation, as long as these measures were approved by the Commission.⁵

At the Council Meeting on January 18, 1977, everybody, except Denmark, wanted to ban the fishing of herring for three to four months, herring stocks having dwindled considerably over the recent years. No agreement on this urgent matter could be reached. It was subsequently placed on the agenda for the next Council Meeting.

Danish fishermen were against the ban. In terms of tons, herring is the most important catch for Denmark. Moreover, whole industries and communities along the west coast of Jutland depend on the fishing of herring.

In this connection it should be kept in mind that even without Greenland and the Faeroe Islands, Denmark is the largest fishing nation of The Nine, catching about one-third of all fish landed in the Community.⁶ Furthermore, the Danish fishing industry has been able to develop and expand without state aid and each Danish fisherman brings home to Denmark twice as much foreign exchange as the average Danish farmer.⁷ The Danes are the largest consumers of fish in the Community, eating about twice as much fish per capita as the British who come second. Of The Nine, Denmark is also the largest exporter of fish, the major export market by far being Germany.⁸ (see chart 21).

Another important aspect is that only about 30 per cent of the Danish catch is sold for direct consumption, while the other 70 per cent is made into fishmeal to be used as fertilizer and animal feed.⁹ Denmark has been vehemently criticized for its industrial fishing.¹⁰ The fact is that about 95 per cent of the so-called industrial fishing is for indirect human consumption as fishmeal is used as a fodder additive in order to increase the rate of production of chicken and pigs, or more directly to manufacture oil and margarine.¹¹ Meanwhile, the political fishery disputes among The Nine as well as the various fishing bans have only shown a moderate regard for the delicate ecological pattern of fishery stocks, as in the ocean too, it is fish eat fish.

Last but not least, after the whole North Sea has been divided into zones among the coastal states, most Danish catches are now caught in waters under British jurisdiction. On the other hand, the British used to fish considerably in Norwegian, Icelandic and Faeroese waters, where they to a great extent now have been excluded from fishing. The British are therefore not keen to share their own waters with others, even if the others are EC-member-states.

In spite of the Danish fishermen's opposition to the ban on fishing herring, the Danish government knew it had to modify its position. The Social Democratic minority government was also concerned about the need for herring conservation measures. The Danish position was that Denmark was ready to reduce her fishing industry if there were biological grounds for doing so, but Denmark could not accept any further cuts for political reasons.

At the Council Meeting in February 1977, the Danish government stated that it would not accept herring being banned only a few months in the

Spring, when the herring was sought by Danish fishermen. If the fishing of herring was to be banned, it would have to be for the whole year so all herring fishermen in the Community would share the burden equally. Secondly, Denmark wanted to be able to continue fishing Whiting off the coast of Scotland in an area where all fishing was going to be banned, but not because of the Whiting.

No common agreement was reached on all fishery questions, as Britain ultimately forced Denmark to use her veto in the Council. The negotiations dragged on all night until 8 o'clock in the morning. The Danish Ministers yielded to British demands on several occasions and thus several compromises were reached. However, every time Denmark gave in, Britain would advance new demands and finally Denmark had to say no and use her veto.¹²

At one point early in the morning it looked as if there was not a quorum. Anthony Crosland asked the Italian delegate, if he was a minister. He was only vice-minister. At that point in time the Irish Foreign Minister walked into the room whereby there was a quorum. He was applauded by all the delegations which supported Denmark.¹³

The negotiations broke down because Britain was not willing to let Denmark fish Whiting off the coast of Scotland. One third of Danish Whiting catches are traditionally caught here.

In reality, Britain's objective was not to ban the fishing of Whiting, but to get the negotiations to break down and to be able to blame it on Denmark.¹⁴ This was a carefully calculated tactic, which, of course, would result in no agreement, whereby Britain could impose unilateral measures according to The Hague Accord. In the final analysis, however,

this tactic totally failed. Germany, France, the Netherlands, Luxembourg and Belgium all supported Denmark.¹⁵

In short, the confrontation involved on the one hand, Britain and Ireland, who intended to introduce as restrictive measures as possible, and on the other hand, Denmark, who wanted to continue fishing to an extent regarded as excessive by other delegations, and Germany, who defended the activity of her processing ships and who regarded proposed North Sea fishing quotas for Britain and Ireland as too high.

Since Denmark had accepted a ban on the fishing of herring in the North Sea, a ban was imposed for the months of March and April. Later at the Council Meeting in April 1977, the ban was extended to the end of May.

At the May Council Meeting, the Commission proposed the ban on the fishing of herring be extended to the end of 1977. After a prolonged debate, the Council decided to extend the ban until the end of June. Furthermore, the ban was expanded to also apply in the sea to the west of Scotland. Derogating from the ban, the Netherlands obtained for the month of June a quota of 1,500 tons for traditional herring fishing intended for raw consumption at its Maatjes festival. Quotas already established for the whole year for by-catches remained 15,000 tons for Denmark, 1,650 tons for Britain, 400 tons for Germany and 275 tons for the other member-states.

The herring ban agreement was reached only after hours of delicate negotiations overshadowed by the threat of unilateral action by Britain, if there was no satisfactory solution. The demands of Denmark, Germany, France and Belgium were satisfied by writing into the minutes of the Meeting that they wanted specific quotas for direct herring fishing from July to December.¹⁶

At the next Council Meeting in June, no agreement could be reached on the ban on herring. The Commission's proposal for a ban for the rest of 1977 was supported by Britain and to a degree by Ireland, while the others, especially Denmark, Germany and the Netherlands, wanted specific quotas allotted.

The Meeting conveyed a shift in the British government's position away from 'exclusive access' to 'dominant preference' in a 50 mile offshore zone.¹⁷ Britain would accept a 12 mile zone, providing the historic rights of other Community fishermen were phased out over a period. Between 12 and 50 miles, British fishermen would enjoy 'dominant preference' in the allocation of available fish stocks. Denmark, Germany and the Netherlands welcomed the British change, while France declared that preferential observance beyond 12 miles is not negotiable. France reminded the Council of their already established objective, that the Common Fisheries Policy should aim to provide equal access for Community fishermen to all Community waters.¹⁸

The Council agreed after prolonged discussion to impose a quota on herring fishing off the west coast of Scotland of 53,000 tons between July 20, when the current ban would be lifted, and the end of the year. British fishermen were allocated 73 per cent of the total quota. Meanwhile, no agreement could be reached regarding the North Sea.

It is a paradox that the British demand for a herring ban led to the situation where there would be no ban at all, because she was not willing to agree to a limited quota. Britain charged Denmark, Germany and the Netherlands of not being seriously interested in conservation measures.

A couple of days after the breakdown of the negotiations on herring, Britain unilaterally imposed a ban on herring fishing in the British 200

mile sector of the North Sea, from the beginning of July to the end of the year. The Commission welcomed the ban, while the European Parliament decided to recommend a complete ban on herring fishing in the North Sea for the rest of 1977 and all of 1978. In light of this, Germany and the Netherlands decided to drop their demand for herring quotas. Denmark was now the only country to still demand quotas.

At the July Council Meeting, it was agreed to extend a total ban on herring fishing in the North Sea until the end of September to replace the unilateral ban declared by Britain. The Council also agreed to stop landing herring for industrial purposes, and it abolished the 7 per cent Community duty on herring to ease supplies for the processing industry. The vote was eight to one. The Danish Minister thus tried to save face at home. In Denmark, however, the Minister was criticized for not using his veto.¹⁹

At the Council Meeting in September it was again agreed to extend the herring ban until the end of October 1977. Denmark accepted this extension but the Danish position was still that certain limited quotas should be granted. Furthermore, the British now demanded that Skagerrak between Denmark, Norway and Sweden be included in the ban. Consequently the Commission would have to contact the Norwegian and Swedish governments.

Before the next Meeting of the Council of Fishery Ministers, on October 24, 1977, the Commission presented its proposals for an Internal Fisheries Arrangement, defining the general principles.²⁰ The main features of the Commission's proposals established: (1) the size and distribution of quotas; (2) technical conservation measures; (3) management, control and enforcement measures; (4) structural and social measures; and

(5) aid to herring fishermen.

The reaction to the Commission's proposals were negative. Britain was the most critical, while Denmark, Germany, France, Italy and Ireland were certainly not in agreement with the proposals.

In October the Council soon broke into two hostile camps, with Britain and Ireland on one side and the rest of the member-states on the other. Britain and Ireland wanted not only an exclusive 12 mile zone excluding historic rights, but also a 12 to 50 mile zone of dominant preference. Britain also wanted the Commission's proposed fishing quota for the United Kingdom of 22 per cent, raised to 40 per cent.²¹ Opposed were France and Denmark who insisted on a fair solution in the sharing of the sacrifices imposed by a reduction of catches. The Commission's proposed quotas were already weighted in Britain's favour.²²

The Council decided to extend the ban on herring fishing in the North Sea until the end of the year. Denmark, France and the Netherlands had insisted that mini-quotas be provided to prevent major social problems. Britain, however, opposed these demands and let it be known that in the event of disagreement, she would take unilateral measures to enforce the herring ban.

Furthermore, no agreement was reached on maintaining the Whiting ban until the end of the year in the zone to the North of Scotland. Denmark, on behalf of the Faeroe Islands, had called for a reduction in the size of the zone or at least its being moved west, in view of the difficulties of Faeroese fishermen. The Faeroe Islands even threatened to take measures to restrict Community boats access to the waters around the Faeroe Islands. Nevertheless, Britain refused to change her position and threatened to take unilateral measures to prolong the ban on fishing Whiting. Consequently, no agreement was reached.

After the failure of the Community negotiations, representatives of the Danish High-Seas Fishing Association decided to travel to Britain in November 1977, to talk directly to representatives of the British Fishing Federation, in an attempt to see if agreement could be reached between the two organizations.²³ According to Laurits Tørnaes, chairman of the Danish Fishermen's Association, more than half of Denmark's industrial fishing fleet could be laid up as a result of the bans on fishing off Norway and Scotland. Before travelling to Britain, Tørnaes hoped a solution could be found regarding Whiting, unless the British aim in fact was to destroy the Danish ~~fishing~~ industry.²⁴

In spite of the ban on herring fishing in the North Sea until the end of 1977, the Council decided on November 7, 1977, following a Commission proposal, to grant a mini-quota of 600 tons in favour of certain non-industrial fishermen of the Fecamp region of France.²⁵ These catches, however, had to be within an area of under three miles from the coast.

From November 1977 to June 1978, very little progress was made in establishing a Common Fisheries Policy. At each Meeting of the Fisheries Council, the herring ban was extended until the next Meeting. Similarly, the agreements concluded with various third countries (Faeroe Islands, Norway, Sweden, Iceland etc.) were extended from month to month. Furthermore, the dividing line was by June 1978, between the United Kingdom and The Eight, as Ireland had gradually moved to a position of accepting the Commission's proposals for a Common Fisheries Policy.

In the beginning of June 1978, Fisheries Commissioner Gundelach visited the various capitals in an endeavour to get the fisheries policy out of deadlock. On June 15, 1978, Gundelach informed the plenary session

of the European Parliament that Britain was not willing to accept the present Commission Fisheries proposals, whereafter most of the Parliament's speakers appealed to Britain to get the talks out of deadlock.²⁶

The Fishing Council Meeting a few days later, on June 20, 1978, was described as a total failure. Apart from a further one-month extension of agreements with third countries, no agreement was reached between the United Kingdom and The Eight on an internal fisheries policy. The German Minister, Mr. Josef Ertl, pointing out that Britain had signed the Treaties, asked the British Minister, Mr. John Silkin, "Do we have a Treaty or do we not have a Treaty?"²⁷ The French Minister, Mr. Joel le Theule, stated that France would not make any further concessions and his government would not accept any unilateral measures by Britain. Nevertheless, Mr. Silkin maintained that unilateral British measures would have to be taken as no Community agreement could be reached.²⁸

Commissioner Gundelach pointed out that if Britain imposed unilateral resource conservation measures which discriminated against the other member-states, then Britain would have to face the European Court of Justice. Mr. Gundelach summed up Britain's demands in six points.²⁹ Thus the United Kingdom wanted: (1) to eliminate historic fishing rights in a permanent exclusive coastal zone of 12 miles around the British coasts; (2) to increase further her quotas for 1978, despite the large sacrifices already made by the other member-states in her favour; (3) to increase her share of catches in Norwegian and Faeroese waters within the framework agreements with these countries; (4) to increase her fishing quotas until 1982, which would entail giving Britain

nearly 100 per cent of the total catches in waters under British fisheries jurisdiction; (5) to have priority in any increase in fishing quotas which might be allotted to member-states in the event of an improvement of stocks; and (6) to apply fishing plans which would lead to flag discrimination between nationals of member-states.

As well, Commissioner Gundelach stated that the Commission would not draw up any new proposals, as virtually no sacrifices had been asked of the United Kingdom in the distribution of resources, while for all the other member-states, with the exception of Ireland, losses would range from 15 to 30 per cent. Even though no Common Fisheries Policy could be adopted, it was agreed to deal with the fishing file in full at the next Meeting of the Fishing Council in July 1978.

In the present situation, Danish fishery interests have allied themselves with those of Germany. Traditionally Denmark's Fish Export Association (Danmarks Fiskeindustri- og Eksportforening) has had close ties with Germany where most customers live.³⁰ The Danish Fishermen's Association also cooperates very closely with German interests in regard to their strategy vis-à-vis Britain in the North Sea.³¹ In addition, there exists a fisheries committee where the Danish and German governments meet on a regular basis to discuss fishery issues. Such a committee does not exist between Denmark and Britain.

In summing up the fisheries situation, it is not difficult to single out Denmark's most consistent opponent in the Council, namely Britain. In fact, in fisheries policy, the division is between the United Kingdom on the one hand, and the Commission and The Eight on the other. If Denmark was not a member of the Community, then Denmark would have to face Britain alone, as well as the Commission. Being a

member of the Community has been an advantage for Denmark in that she has in this way been able to find allies in her position on fisheries in the North Sea. This is, and has been, of vital importance to Denmark, as in the Community she is the largest fishing nation as well as the largest fish exporter.

3 3

OF / DE

4

Chart 21. Fish Catches in the Community in Thousand Metric Tons

	1970	1971	1972	1973	1974	1975	1976
Denmark*	1226.5	1400.9	1442.9	1464.7	1835.4	1767.0	1911.6
United Kingdom	1099.0	1123.9	1100.7	1151.1	1103.3	999.1	1063.3
France	764.4	757.7	796.7	822.9	807.5	805.8	805.9
Germany	612.9	507.6	418.7	478.2	525.7	441.7	454.4
Italy	386.7	403.7	429.5	399.4	431.3	417.0	420.3
Netherlands	300.7	321.8	348.3	343.8	325.9	350.5	284.4
Ireland	78.9	74.0	92.0	90.5	89.5	84.9	94.3
Belgium	53.4	60.2	59.0	52.7	46.4	49.0	44.4
Total EC	4522.5	4649.2	4687.8	4803.3	5165.0	4915.0	5078.6

*Does not include Greenland nor Faeroe Islands.

Source: Eurostat, Fishery Catches by Fishing Region 1964-1976, Luxembourg 1977, Total Catches, All Areas, p. 33.

4. Fisheries

References and Notes

1. Angelika Volle and William Wallace, "How Common a Fisheries Policy?", The World Today, February 1977, pp. 62-72; Community Fisheries Policy, Commission of the European Communities, Spokesman's Group Information P-4, January 1978, 18 pages; James R. Coull, The Fisheries of Europe, London, G. Bell & Sons, Ltd., 1972.
2. Danmark i EF. 18. Fiskeri, Ministry of Foreign Affairs, Copenhagen, 1974, p. 4.
3. A New Policy for European Fisheries, Commission of the European Communities, Background Report, London, October 5, 1976; European Community Adopts 200-Mile Fishing Zone, Commission of the European Communities, Background Information Note No. 47/1976, Washington, D.C., November 5, 1976.
4. Walter Ellis, "EEC to insist on 12-mile fish limit?", Irish Times (Dublin), September 23, 1976, p. 1; Robin Reeves, "U.K. offers to abandon call for 50-mile limit", Financial Times (London), June 28, 1977, p. 4; Denes Coghlan, "Government urged to stand firm on fishery claim", Irish Times (Dublin), October 18, 1977, pp. 5 and 11; "EEC Council deliberations on fishing promise to be very difficult", Agence Europe (Brussels), No. 2314, October 22, 1977, p. 4.
5. "Fresh Complications regarding EEC fishing arrangement", Agence Europe (Brussels), No. 2137, January 21, 1977, p. 6; "We'll go it alone on limit of 200 miles, says Silkin", Guardian (Manchester), January 21, 1977, p. 22.
6. Fisheries of the European Community, Fishery Economics Research Unit, White Fish Authority, Edinburgh, 1977, table 2.
7. Danmark i EF. 18. Fiskeri, p. 3.
8. Fisheries of the European Community, table 19; Danmark i EF. 18. Fiskeri, Annex 2.
9. Danmark i EF. 18. Fiskeri, p. 3; Fisheries of the European Community, tables 16 and 20.
10. "By mainly emphasising the need to protect fishing resources", Agence Europe (Brussels), No. 2152, February 11, 1977, pp. 7-8; J. Møller Christensen, "Dansk industrifiskeri - et skidt fiskeri eller et godt?", Jyllands-Posten (Aarhus), November 24, 1977, p. 12.
11. Fisheries of the European Community, p. 4.

12. Max Malzer, "Britiske krav drev Danmark til veto mod EF's fiskeri", Børsen (Copenhagen), February 10, 1977, p. 8; Søren Nielsen, "Hidsig dansk-engelsk EF-debat", Politiken (Copenhagen), February 10, 1977, p. 2.
13. Søren Nielsen, "Hidsig dansk-engelsk EF-debat", p. 2.
14. Malzer, "Britiske krav drev Danmark til veto mod EF's fiskeri", p. 8; Søren Nielsen, "Hidsig dansk-engelsk EF-debat", p. 2.
15. Malzer, "Britiske krav drev Danmark til veto mod EF's fiskeri", p. 8.
16. Robin Reeves, "June Talks planned to settle new policy", Financial Times (London), May 18, 1977; "Interim compromise for herring fishing", Agence Europe (Brussels), No. 2219, May 18, 1977, p. 5.
17. Robin Reeves, "U.K. offers to abandon call for 50-mile limit", p. 4.
18. Ibid., p. 4.
19. "Flovmand i EF", Jyllands-Posten (Aarhus), July 20, 1977, editorial.
20. See Commission Proposals to the Council: COM(77)503, 513, 515 and 524 of October 1977, where Commission proposed an internal fisheries regime for 1978; The Commission Proposes an Internal Fisheries Regime for 1978, Commission of the European Communities, Spokesman's Group Information P-96, October 1977; "Fishing Council: Discussions among 'Nine' will be limited to an exchange of views", Agence Europe (Brussels), No. 2313, October 21, 1977, pp. 5-6.
21. "Fishing Council: Towards serious difficulties with United Kingdom", Agence Europe (Brussels), No. 2315, October 24/25, 1977, p. 4.
22. "Long trawl", Economist (London), October 29, 1977, p. 48.
23. "Fiskerne søger selv kompromis uden om EF", Jyllands-Posten (Aarhus), October 25, 1977, p. 15.
24. "Dansk-britisk møde om fiskeri-løsning", Børsen (Copenhagen), October 26, 1977, p. 24.
25. "Fishing: Council grants 600 tonne herring quota for certain French fishermen", Agence Europe (Brussels), No. 2324, November 9, 1977, p. 6.
26. "Fishing Policy: Commission will not make new proposals to the Council", Agence Europe (Brussels), No. 2470, June 16, 1978, pp. 4-5.
27. "Mr. Silkin's insistence on big fish quota provokes EEC anger", Times (London), June 21, 1978, p. 5; "Fishing Council: United Kingdom confirms its intention to acquire main part of resources", Agence Europe (Brussels), No. 2473, June 21, 1978, p. 8.

28. "Britain plans a unilateral fishing ban", Guardian (Manchester), June 23, 1978, p. 4; "UK to introduce fish conservation measures after EEC talks fail", Times (London), June 23, 1978, pp. 7 and 15; John Hunt, "Silkin applauded for tough stance in fishing talks", Financial Times (London), June 23, 1978, p. 10. Britain notified the Commission of four national measures to protect certain stocks on July 3, 1978.
29. European Report (Brussels), No. 517, Internal Market, June 24, 1978, pp. 1-2; "Fishing Council: United Kingdom confirms its intention to acquire main part of resources", Agence Europe, p. 8.
30. Mr. Leif Götke, Danmarks Fiskeindustri- og Eksportforening, in a personal interview with the author in January 1978.
31. Direktør Henning Hecht, Dansk Fiskeriforening, in a personal telephone conversation with the author in January 1978.

5. Shipbuilding

Due to the expansion of world trade, the shipyards' order books swelled unprecedentedly between 1960 and 1973. In order to meet demand, world-wide shipbuilding capacity was increased rapidly, at an average rate of about 10 per cent a year, rising from 7.9 million gross registered tons in 1960, to 34.8 million gross registered tons in 1975.¹ This trend led not only to the emergence of new shipbuilding countries, in particular Brazil, South Korea, Spain, Taiwan and Yugoslavia, but also to a considerable difference between the Japanese rate of expansion and that of most of the other shipbuilding countries. Shipbuilding capacity was expanded most vigorously in Japan, where production rose from 1.7 million gross registered tons in 1960, to 17 million gross registered tons in 1975, while it only increased from 4 million grt to 7.8 grt in The Nine during the same period.² As a consequence, from 1960 to 1975, the Community's share of world ship production fell from 51 per cent to 22 per cent, while that of Japan rose from 22 per cent to 50 per cent.

At the same time production became more specialized, shipyards having to rationalize in order to meet demand both in respect to quantity and quality. Many shipyards adapted their production facilities to concentrate on the building of certain types of vessels, in particular large tankers. This was due to the spectacular increase in oil transport which began in the 1960's and led to a considerable demand for tankers compared to other types of vessels. Even though indications of excess tonnage began to appear as early as 1972-73, many shipowners continued to pursue a feverish buying policy, thus in turn leading the shipyards to increase capacity. The present

problem of surplus capacity would therefore probably have appeared even without the energy crisis and the recession.³

With the 1973 oil boycott, the demand for oil transport was halted, indeed abruptly. By 1978, the demand for tankers had not reached the 1972 level; whether or not it does in the future will depend on developments in primarily the industrial countries, such as, the level of oil consumption due to conservation and more rational utilization, the switch to alternative sources of energy, especially nuclear power and coal, the tendency to shorten transportation routes, for instance the widening of the Suez Canal, the opening of new oil fields, as in the North Sea, and the building of pipelines.

In addition to excess tanker capacity, the current economic recession has led to a general decline in trade, further reducing the demand for sea transport, which in turn has had serious consequences for the shipbuilding industry, but mostly for those shipyards specializing in the construction of large tankers. The immediate effects have, since the end of 1974, been a very sharp decline in new orders, a large-scale cancellation of orders and the conversion of orders for tankers into bulk carriers. Shipyards formerly specializing in tankers have in this way damaged the level of activity of the shipyards traditionally specializing in bulk carriers. According to various estimates by the Association of West European Shipbuilders and the OECD, surplus production capacity in the shipyards amounts to an average of 40 per cent for the whole industry, and to about 60 per cent for tankers, especially the large and very large.

The most noteworthy efforts of international cooperation in shipbuilding have been undertaken within the OECD. Before 1973, about 90 per cent of the world's merchant fleet was built in countries represented in this Organization, thus constituting a valid basis for international cooperation.

The fact that South Korea and Brazil do not belong to the OECD, or that the United States and Greece do not participate in the OECD Council's Working Group No. 6 on Shipbuilding, does not invalidate this conclusion.⁴ Even though these countries' production capacity is not negligible, it does not constitute a major threat to an effective application of a system of international cooperation.

In 1969, the OECD Council adopted the "Arrangement on Export Credits for Vessels", whereby 80 per cent of the contracting price could be financed at 6 per cent over 8 years with a down payment of 20 per cent. In December 1970, it was decided to raise the interest rate to 7.5 per cent per year, and from July 1, 1974, it was decided to further tighten credit facilities, the maximum credit allowed being 70 per cent over 7 years at 8 per cent, with a down payment of 30 per cent.

On May 4, 1976, the OECD Council adopted the "General Guidelines for Government Policies in the Shipbuilding Industry", which are based on the principles of solidarity, fairness and international responsibility. According to these General Guidelines, each member government of Working Group No. 6 on Shipbuilding, although not bound to do so, should (1) reduce its shipbuilding capacity, as appropriate, taking into account regional and social problems; (2) refrain from taking any measures or granting any aid likely to disturb the necessary process of adaptation within the industry; (3) ensure that practices, particularly for pricing, remain within the limits of fair competition; and (4) abstain from taking measures which might lead to the creation of new shipbuilding capacity. Under the General Guidelines, it was also agreed to exchange information about developments in national policies and the size of order books of each country.

Since the General Guidelines impose no obligation, they are in fact recommendations to the signatory countries. The Guidelines are of a very general nature and if implemented without coordination the objectives of re-establishing a balance between production and demand will fail.

International cooperation in the shipbuilding sector is imperative as conventional measures such as import controls and customs duties on ships would merely be an incentive for shipowners to register their vessels under flags of convenience. Furthermore, both the crisis in the shipbuilding industry and the market it serves are world-wide. Uncoordinated measures by individual countries could therefore be ineffective and because of their protectionistic effect, partition the market and disrupt competition.

The OECD felt that the General Guidelines had to lay down a framework for a systematic exchange of information about the state of order books, because of the importance of the allocation of new orders, of which most have gone to Japan. The Europeans would like to share 50-50 with the Japanese all new orders placed with non-American OECD yards. At the industrial level, the Association of West European Shipbuilders has discussed voluntary restraint with the Shipbuilders Association of Japan. Within the OECD, the Europeans have warned the Japanese against the possibility of Japan's failing to bear a sufficient share of the capacity reduction and have threatened to adopt unilateral protective measures. These pressures led Japan in February 1977 to raise her export prices by 5 per cent and to introduce some measures of voluntary restraint vis-à-vis some European countries, while Japan was unwilling to establish any sort of quota system between European and Japanese shipyards.

Of The Nine, Britain was by far the largest shipbuilding country in the 1950's, with Germany a clear second. For well over a decade now, the

largest shipbuilding nation in the EC has, in terms of tonnage, been Germany, with the other large shipbuilding nations vying for second place, but usually placing either France or Britain ahead. In regard to tankers, the rank has recently often been Germany, the Netherlands and Denmark. In terms of gross registered tons, Denmark was in 1976, the seventh largest ship exporter in the world, behind Japan, Sweden, Germany, France, Yugoslavia and the Netherlands.⁵ (see chart 22).

To the European Communities the shipbuilding industry is extremely important. In 1975 it directly employed 180,000 people, down to 165,000 in 1977, while also providing work for many others in various supply industries. The shipbuilding industry also plays a prominent part in the Community's regional policy, as many shipyards are located in remote regions where the structure of industry is scarcely diversified and where there are few other employment opportunities. The Community, as the world's leading trading power, over 80 per cent of whose trade is seaborne, has a major interest in pursuing a policy which retains some degree of independence in the shipbuilding sector, and which contributes to the maintenance of international competition. Community shipowners, accounting for about 22 per cent of the world merchant fleet, purchased in the past about two-thirds of new tonnage from Community shipyards, while these shipyards sold circa one-third of their production on the world market.

For the Community to be in a position to maintain a share of the shipbuilding market commensurate with its interests, it must devote a greater effort to re-establish the competitiveness of its shipbuilding industry by restructuring this sector. It will therefore be necessary, in the industry's own interest as well as in the interest of the workers

whose jobs in the shipyards will otherwise disappear entirely, to adjust production capacities to market demand and to improve and restructure production facilities so that they may survive without aid and become competitive in the world market. These tough requirements must be implemented and coordinated at the Community level to ensure a fair and orderly distribution among the member-states. For the same reasons, these objectives must simultaneously be pursued within the OECD.

Hitherto the Community's interest in the problems of the shipbuilding industry have focussed on two aspects: competition and finance. The Council of Ministers has adopted four Directives coordinating aid to the shipbuilding industry. Their principal objectives have been to harmonize government intervention and to reduce the level of those aids most damaging to competition. Financially, the European Regional Development Fund has so far dispersed an estimated 78.6 million units of account in regions where there is a high concentration of shipyards.⁶ This covers 225 projects involving a total investment of 1,470 million units of account, and the creation or preservation of 34,112 jobs in France, Germany, Italy and Britain.

The Third Directive on aid to shipbuilding expired on December 31, 1977. The Council agreed on the substance of the Fourth Directive on aid to shipbuilding on March 8, 1978.⁷ It is of three years' duration. While the essential objectives of earlier Directives was to harmonize state intervention and reduce the most damaging aids to competition, the Fourth Directive, while following these lines, takes particular account of the crisis situation in which the survival of a large number of shipyards is at stake. The Fourth Directive, taking into account the structural problems,

must not be considered merely a legal framework intended to limit the granting of aids, since it in fact contains essential elements of an industrial approach to the shipbuilding sector.⁸

The Fourth Directive excludes the granting of production aids unless they are connected with a restructuring of the shipyards with a view of making the industry competitive and able to operate without aid. No aid may have an effect contrary to the common Community interest. Aid in the form of credit facilities may be granted if the conditions are in accordance with the arrangements concluded within the OECD. A member-state granting investment aids which would increase a shipyard's existing production capacity must notify the Commission, and only after the Commission has given its agreement can such a plan be implemented. To enable the Commission to have an overall view, all investment aids over 5 million European units of account must be reported to the Commission every six months. Aids to rescue a shipyard warranted by acute social problems must, pursuant to Article 93 (3) of the EEC Treaty of Rome, be notified to the Commission individually and in advance, and subsequently be approved, before they can be put into effect.

While the nine member-states have been able to agree to this Fourth Directive on aid, they have not been able to agree on a balanced reduction of production capacity. Most estimates suggest that world production will decline by about 40 per cent between 1975 and 1980. If the Community does not manage to increase its share of world demand by becoming more efficient and competitive, then the fall in Community shipbuilding production is likely to be even greater, given the combined effect of the economic recession and competition from non-member countries. The present policy of most member-states, based on maintaining the present level of

production and jobs, is likely to result in the paralysis of production potential, with an inability to become competitive, ultimately making the Community merchant fleet dependent on foreign shipbuilders, which would then place the entire work force in the Community shipyards in jeopardy.

To counteract these risks, the Commission has decided to work out a shipbuilding strategy, which would combine national policies with Community incentive and support measures. These would include creating job opportunities outside shipbuilding for the surplus labour and incentives to locate new industries near shipyards. The Commission has estimated that this would entail the redeployment of about 60,000 persons. Shipyards would also be given incentives to modernize. This is the Commission's plan.

So far no Community agreement has been reached on a fair and equitable reduction of shipbuilding capacity, the member-states just stand too far apart. The Community could be divided into protectionists and liberals. The protectionists claim that Community shipyards must be safeguarded from unfair foreign competition. Unemployment cannot be allowed to rise. The solution is to intervene granting aid and offering better credit facilities. Meanwhile, an agreement on sharing future orders must be reached with Japan - as well as some others, for instance Spain.⁹ The Liberals, on the other hand, point out that granting aid is contrary to the Treaty of Rome. Furthermore, only a reduction of production capacity and a restructuring of the shipyards making them efficient and competitive will solve the present crisis in the long run. Failure to reduce capacity and efforts to stabilize shipyard employment levels will only prolong the crisis and further induce governments to intervene.

The purpose of this sector study is to ascertain Denmark's position in regard to the crisis in the shipbuilding industry, and then to compare her position with that of Britain and Germany.

Before 1973, Skibsvaerftsforeningen, the Association of Danish Shipbuilders, envisaged a number of crucial problems in connection with EC-membership, as did Danmarks Rederiforening, the Danish Shipowners' Association.¹⁰ Danish shipbuilders and shipowners see eye to eye on most issues and share the same basic free-enterprise philosophy. Moreover, many of the large shipping companies have substantial financial interests in the large shipyards. While both Associations were basically in favour of Denmark joining the EC, the Association of Danish Shipbuilders emphasized that the Community iron and steel market was regulated by the ECSC, the European Coal and Steel Community. The cost of iron and steel was therefore likely to go up, in turn increasing the price of Danish-built ships. Before EC-membership, Denmark bought a considerable amount of steel from Japan and Eastern Europe. The Danish shipbuilders also pointed out that shipyards in The Six were subsidized, and until now the Commission had only been able to harmonize, not abolish, subsidies. France and Italy had even been granted dispensation. Other forms of aid to the shipyards had been disguised as regional aid. Furthermore, the Association of Danish Shipbuilders indicated that surplus production capacity was a major problem in the Community, mainly due to the various forms of subsidies. Both the Danish shipbuilders and the shipowners preferred a free and competitive international market with as little government intervention as possible. They also felt that international cooperation should continue to be conducted within the OECD and not solely within the Community. The shipowners also wanted to continue to fight flag discrimination and they feared special treatment for the Community and some associated and/or developing countries.

Shipping is an important foreign exchange earner for Denmark, totalling about U.S.\$ 1.2 billion in 1976, or U.S.\$ 50,000 per man employed on board and ashore.¹¹ Shipping is the third most important foreign exchange earner after industry and agriculture, bringing in about 9 per cent of Denmark's foreign exchange. Only about U.S.\$ 100 million of the total earnings of 1.2 billion dollars comes from trade between Denmark and foreign countries, while the remaining earnings are made in trade between foreign ports.¹² As a consequence, about 92 per cent of the freight earnings are made outside Denmark. The considerable earnings between ports outside Denmark makes Danish shipping strongly dependent upon the development of international market trends and upon the conditions of the international freight market, including foreign shippers' possibilities of being able to freely choose among shipping companies.

The growth of the Danish merchant fleet has since World War II been less than world growth, and Denmark's share of the total has been reduced like that of a number of other traditional shipping countries. According to Lloyd's Register of Shipping, Denmark's share of the world merchant fleet is about 1.4 per cent, placing Denmark about 15th on the list. However, in proportion to population, tonnage per capita, Denmark ranks third after Norway and Greece.

As of January 1, 1977, the Danish merchant fleet consisted of 909 vessels totalling 8,023,000 tons deadweight, whereof 105 vessels of 4,966,000 tons deadweight were tankers.¹³ The average age of the Danish merchant fleet is only 5.9 years per gross ton, which is considerably lower than the world average of 9.5 years.

According to Merchant Ships Completed during 1976 in Lloyd's Register of Shipping, Denmark ranked as the world's seventh largest shipbuilding

nation in terms of gross tonnage. In 1974, about 22,900 workers were employed in the Danish shipbuilding industry, which is about one per cent of the total economically active population, or about 6 per cent of all industrial employees. This is the highest percentage, along with that of the Netherlands, in the Community. In terms of value, about half the shipbuilding production has traditionally been exported. As of February 1, 1977, Danish shipowners had 129 ships of 2,245,000 tons deadweight on order, of which 81 ships of 1,722,000 tons, or 77 per cent, had been contracted at Danish shipyards.¹⁴ The construction program means a total investment of nearly U.S.\$ 1.4 billion until the summer of 1979. 6

As of December 31, 1977, the Danish shipyards' order books totalled 56 ships of 900,000 tons deadweight, considerably down from 72 ships of 1,900,000 tons deadweight twelve months earlier.¹⁵ The percentage for export in terms of value would only be 10 per cent, down from 41 per cent in 1977.

From the middle of 1975, until the end of 1977, the work force in the Danish shipyards has been reduced by 25 per cent.¹⁶ By 1979, the number of people employed in shipbuilding might fall below 10,000 depending on future developments.

Due to the aid schemes in other countries, especially the easy credit terms recently made available in Norway and Sweden, the Danish government decided in October 1977, to allow Danish shipowners to finance 80 per cent of the contract price over 10 years, against earlier 70 per cent over 7 years.¹⁷ These credit facilities are available to all Danish shipowners whether they order a ship at a Danish yard or at another Community shipyard.

The most remarkable aspect of the Danish shipbuilding industry is perhaps that it has managed to develop entirely without subsidies. The

Association of Danish Shipbuilders, The Danish Shipowners' Association as well as the Danish government, be it 'socialist' or 'bourgeois', are flat against subsidies. They are of the opinion that subsidies cannot increase the demand for ships, but rather only contribute toward the continuation of superfluous shipyard capacity, distorting competition. Danish shipyards have already reduced capacity and they are demanding that others do the same. Subsidies are out of the question for Denmark, as the Danish Treasury cannot in the long run compete with foreign coffers. As The Economist said,

If there is a Danish shipbuilding industry in the 1980's it won't be due to government subsidies. Denmark is one of the few countries that has not responded to the world shipbuilding crisis with subsidies for its shipyards, which are among the most efficient in Europe. The Danes distinguish themselves virtuously from such sinners as the British government.¹⁸

The situation of the shipbuilding industry in Britain stands in stark contrast to that of Denmark. Britain's ailing shipbuilding industry was nationalized on July 1, 1977, by compulsory purchase of shareholdings through the Aircraft and Shipbuilding Act, which created British Shipbuilders. The Labour Party and the shipbuilding unions felt that nationalization could rescue the industry. As British Industry Minister Gerald Kaufman said afterwards, "The U.K. has already taken the first step towards restructuring the industry by taking it into public ownership."¹⁹ According to The Economist, nobody trusts Britain's "lame-duck yards" to deliver on time. One article in The Economist stated that the British shipyards' real problems are human ones,

top of the list is the workers' complacency. A visitor to most yards today would never realise shipbuilding was in the middle of its worst crisis since the war. Groups of workers stand idle. On average, even the most efficient yards can coax only 31 hours of work out of workers supposed to work 40 hours a week. The extra productivity in yards where big investment has taken place, such as Govan and Sunderland, is negligible. Management is equally lacklustre.²⁰

The Treaty of Rome does not prohibit nationalization. What has concerned Britain's Community partners are the tactics used by the British government to win orders for its shipbuilding industry. In November 1977, British Shipbuilders signed an agreement with Poland to build 24 vessels in Britain. To British Shipbuilders the order was worth 115 million Pounds Sterling, but Poland will only be paying about 92 million Pounds Sterling, as the British taxpayers are donating a 23 million Pound Sterling subsidy to cut the price of the ships and thus secure the order.²¹ The 23 million Pounds Sterling comes out of the 65 million Pounds Sterling Intervention Fund established earlier in 1977. There is no sign of a rationalization plan, even though the Commission made it a condition in agreeing to the Intervention Fund. Moreover, Britain will raise 100 per cent of the credit to pay for the ships. British Shipbuilders has raised 30 per cent through a euro-bond issue, while the other 70 per cent will be provided by Britain along standard OECD lines.

The Polish deal not only upset the Community, but also Britain's shipowners who do not want their government to subsidize Communist countries' merchant fleets at the expense of Britain's own fleet. British shipowners pointed to the rapid growth of the COMECON fleet and their cheap state-subsidized freight rates.

Another British tactic which has increased her Community partners' concern is the British government's plan to offer increased development aid in return for orders at British shipyards. Britain maintains that ships given away under development aid programmes cannot be said to be

subsidized. At the beginning of 1978, Britain signed with the Indian government a 52 million Pounds Sterling agreement for six cargo liners, which will be financed entirely out of British government aid to India.²²

According to Industry Commissioner Davignon, world production in shipbuilding will probably fall from 33 million gross registered tons in 1975, to 13 million gross registered tons in 1980.²³ Some estimates suggest production could even be as low as 11.5 million tons. Mr. Ferdinand Braun, Director-General in charge of EC industrial affairs, estimates that half of the 1975 work force of 180,000 will have to be shed by 1980, if the European shipbuilding industry is to survive in a competitive form. Some 15,000 workers, whereof 6,000 Danes, have already left the industry, and another 15,000 to 20,000 Community workers will probably leave between 1978 and 1980. This leaves around 60,000 shipyard workers to be redeployed. The only country not to have suffered since 1975, according to Commission figures, is Britain, which has been able to maintain shipbuilding employment at 49,000.²⁴

A Commission plan to reduce shipbuilding capacity by 46 per cent over 5 years, as in the words of British Industry Minister Gerald Kaufman, "unlikely to be adopted."²⁵ In fact the Commission's proposals "face strong opposition from a number of member states, not least from the United Kingdom which has declared itself to be against any policy of contraction."²⁶

In regard to Germany, the Verband der Deutschen Schiffbauindustrie has stated that "the basic idea of our policy is, that those shipyards which have increased excessively their capacities against the market trends should reduce their capacities most."²⁷ The 1977 Annual Report of the Association of the German Shipbuilding Industry stated that

international competition became even more distorted in 1977, due to the introduction of extraordinary high subsidies in other shipbuilding countries. In this connection the Verband der Deutschen Schiffbauindustrie criticized the EC Commission for allowing unduly high assistance in some of the other member-states. The Annual Report singled out Britain and France, stating that in these countries direct production subsidies and supplementary tax reductions amounted to 30 per cent for the industry.²⁸ According to Deutscher Schiffbau 1976, the split among the EC countries is between Germany and Denmark on the one side, and France, Italy, Britain and Ireland on the other.²⁹ The Verband der Deutschen Schiffbauindustrie has for years pointed to the risk of international competition in subsidies. Repeated initiatives by the Federal Republic within the OECD and the EC have not prevented this competition, due to the protectionistic position of other governments.

The German shipbuilding industry has also been faced with the problem of a rising Deutsche Mark. Nevertheless, Germany has been able to retain her position as the Community's largest shipbuilder, although her lead is not as conspicuous as it was just a couple of years ago.

Unlike Denmark, however, Germany cannot claim that she has provided no aid to the shipbuilding industry, as Germany provides Investment Aid to the shipyards, whereby the German government grants a subsidy of 12.5 per cent of the invested amount.³⁰ Despite this Investment Aid, the German policy must still be characterized as liberal, compared to the shipbuilding policies of most member-states.

All in all, the shipbuilding industry is faced with the worst crisis since World War II. Immediate action is required, but the shipbuilding nations of the world cannot agree on a common solution. Not even within

the EC can a comprehensive position be found, the member-states stand too far apart, basically divided into protectionists and liberals.

In Denmark, the shipbuilding industry has not been protected or subsidized, on the contrary, it has been an asset, earning much foreign exchange. In the present situation, Denmark is against the increasing protectionistic trends including the large subsidies other countries provide to their own shipyards.

Denmark's position is fundamentally liberal, as is that of Germany. Britain, on the other hand, has followed a protectionistic policy, indeed nationalizing the shipbuilding industry in July 1977. In regard to this vital industry, it is quite obvious that Denmark's approach is closer to that of Germany than to that of Britain.

Chart 22. Share of Completed Ships in Percentages of World Total

	<u>1956</u>	<u>1966</u>	<u>1969</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>
Germany	17.3	8.2	9.5	8.1	5.2	6.3	6.4	7.3	5.5
Denmark	2.2	3.3	3.2	3.0	3.6	3.3	3.2	2.8	3.1
Britain	23.1	7.6	4.4	5.1	4.5	3.5	3.6	3.4	4.4
Netherlands	6.3	2.3	2.6	2.3	2.8	2.8	2.8	3.0	1.9
France	4.0	3.1	3.7	4.5	3.8	3.9	3.1	3.4	4.9
Italy	4.3	3.8	1.9	3.6	3.4	2.8	2.8	2.3	2.1
Sweden	7.7	8.0	6.7	7.6	7.6	7.5	6.5	6.4	7.4
Spain	1.2	2.7	3.4	3.4	4.0	4.3	4.7	4.7	3.9
Brazil	-	-	0.3	0.6	0.8	0.6	0.5	0.9	1.2
U.S.A.	2.0	1.4	2.5	2.0	1.8	3.2	2.2	1.4	2.4
Canada	-	0.9	0.7	0.1	0.3	0.7	0.5	0.5	0.7
Japan	24.4	46.0	48.9	45.7	48.1	48.5	50.4	49.7	46.8
World total in gross registered tons (millions)	6.29	14.11	18.74	24.39	26.75	30.41	33.54	34.20	33.92

Source: Anteil der fertiggestellten Schiffe am Weltschiffbau in Prozenten, Deutscher Schiffbau 1976,
Verband der Deutschen Schiffbauindustrie, p. 42.

5. Shipbuilding

References and Notes

1. Communication from the Commission to the Council on Shipbuilding, COM(76)224 final, Brussels, May 26, 1976, p. 1.
2. Ibid., p. 1.
3. Shipbuilding. Reorganization Programme, Bulletin of the European Communities, Supplement 7/77, Brussels, 1978, p. 5.
4. Communication on Shipbuilding, COM(76)224 final, p. 11.
5. Deutscher Schiffbau 1976, Annual Report of Verband der Deutschen Schiffbauindustrie, Hamburg, p. 8.
6. Shipbuilding. Reorganization Programme, p. 8.
7. Proposal for a Council Directive on Aid to Shipbuilding, COM(77) 517 final, Brussels, October 28, 1977.
8. Ibid., p. 3.
9. According to Lloyd's Register of Shipping, world output of ships in 1977, totalled 27,531,824 metric tons, a decline of 6,390,369 tons from 1976. World's largest shipbuilders were: Japan with 11.7 million metric tons (42.5 %), Sweden with 2.3 million metric tons, Spain with 1.8 million metric tons, West Germany with 1.59 million metric tons, France with 1.1 million metric tons, Britain with 1.01 million metric tons, and the United States with one million metric tons.
10. Danish Shipowners' Association's letter of October 31, 1961, to the Ministry of Foreign Affairs, printed in Danmark og Det Europæiske Økonomiske Fællesskab, Ministry of Foreign Affairs, Copenhagen, 1962, pp. 370-373; Industriraadets rundspørge til medlemsvirksomhederne om EF, The Industrial Council, Copenhagen, 1972, p. 4; Vaerftsindustrien og Fællesmarkedet, Speech by Mr. Kai Engell-Jensen, Director of The Association of Danish Shipbuilders, held at Nakskov Shipyards on January 11, 1972. (Mimeographed). EF-medlemsskabets konsekvenser for centrale dele af dansk erhvervsliv, Study conducted for the Conservative Group of The European Parliament, March 1977, p. 38.
11. Skibsfartsberetning 1976/1977, Annual Report of The Danish Shipowners' Association, Copenhagen, 1977, p. 30.
12. Ibid., p. 30.
13. Ibid., p. 34.

14. Skibsfartsberetning 1976/1977, p. 30.
15. Skibsvaerftsforeningens Aarsoversigt 1977, Annual Report of the Association of Danish Shipbuilders, Copenhagen, 1977, p. 4.
16. Ibid., p. 7. The number of shipyard workers falling from 23,300 in 1975 to 17,000 at the end of 1977. During the same period, the number of functionnaires in the shipbuilding industry fell from 5,500 to 4,900.
17. Ibid., p. 7.
18. "Danish Shipbuilding. Not a Subsidy", Economist (London), August 27, 1977, p. 87.
19. "Government will resist shipyard output cuts", Financial Times (London), March 2, 1978, p. 11.
20. "A new state albatross?", Economist (London), July 2, 1977, p. 88.
21. "Shipbuilding. Orders at any price?", Economist (London), August 20, 1977, p. 82; "Shipbuilding. Pole-Axed", Economist (London), October 8, 1977, pp. 124-125; "Shipbuilding. Upped by the Poles", Economist (London), November 26, 1977, pp. 115-116.
22. John Palmer, "British way of winning orders worries EEC", Guardian (Manchester), February 9, 1978, p. 6.
23. Shipbuilding. Reorganization Programme, p. 5.
24. David Haworth, "All in the same lifeboat", Observer (London), November 6, 1977, p. 15.
25. "Government will resist shipyard output cuts", Financial Times (London), March 2, 1978, p. 11.
26. "60,000 shipyard jobs may go in Community", Times (London), October 28, 1977, p. 19.
27. Personal letter of December 27, 1977, to the author from Verband der Deutschen Schiffbauindustrie.
28. "Direkte Baukostensubventionen und zusätzliche Zinsverbilligungsmassnahmen führen z.B. in Grossbritannien und Frankreich zu kumulierten Beihilfen von mehr als 30 %" in Zur Lage des Deutschen Schiffbaus Ende 1977, Verband der Deutschen Schiffbauindustrie Press Release, Hamburg, December 6, 1977.
29. Deutscher Schiffbau 1976, Annual Report of the Verband der Deutschen Schiffbauindustrie, Hamburg, p. 16.
30. Report on Shipbuilding, European Parliament Document 465/77 of January 10, 1978, p. 19; see also Lloyd's List, June 22, 1977, p. 7; Bernd Karpfen, "Vesttyske statspenge til søfart", Børsen (Copenhagen), December 14, 1977, p. 16.

6. The Textile Industry and the Multi-Fibre Agreement

The Arrangement Regarding International Trade in Textiles, commonly known as the Multi-Fibre Agreement, is an international textile and clothing agreement which was negotiated within the GATT in Geneva in 1973. It was accepted by almost 50 countries. It came into force as from January 1, 1974, and ran for four years, after which time it had to be renewed. It replaced the Long-Term Agreement on the International Trade in Cotton Textiles, which dated from 1962 and had expired in 1973. The Multi-Fibre Agreement covers cotton and wool as well as artificial and synthetic fibres, hence the name 'multi-fibre'. The Agreement, motivated and made possible by the unsatisfactory condition of the international textile trade, is intended to promote the orderly development of the world textile trade in such a way as to avoid disrupting markets in importing countries, while ensuring developing countries secure market outlets.

As from the beginning of 1974, the participant countries undertook to introduce no new unilateral or bilateral restrictions on the trade in textile products, except in cases specifically laid down in the Agreement. Article 3 states the conditions and criteria for recourse to safeguard measures in case of market disruptions. Article 4 allows for the conclusion of bilateral agreements under which voluntary restraint agreements can be concluded. Thirteen such bilateral voluntary restraint agreements had been signed by the Community and textile supplier countries by December 1976.¹

Since the Multi-Fibre Agreement relates to trade, it comes under the Common Commercial Policy of the Community. The negotiations are handled by the Commission on behalf of The Nine according to Article 113 of the EEC Treaty of Rome.

The textile industry is of crucial importance as it provides people with one of their basic needs: clothing. Nevertheless, clothing accounts for only 48.1 per cent of the total consumption of fibres in the Community,² as the textile industry also produces linen, curtains, carpets, upholstery, conveyor belts, sails, canvas covers as well as various other products for industry. The textile industry is also important in terms of employment, its share of total employment being about 12 per cent of the Community manufacturing industry. This percentage is higher in Ireland and Italy, but lower in Denmark and Germany.³ In all the member-states, the textile industry seems to be located in the poorer regions where employment in textiles often accounts for between 30 and 50 per cent of the industrial labour force, hence its vital importance for these regions. Moreover, wages in the textile sector are among the lowest industrial wages in the Community. This is also the case in Denmark and Germany, even though their labour costs per hour in the textile industry are much higher than in Britain or France.⁴

One important aspect of the world textile industry is that it actually covers two different industries: capital-intensive textiles and labour-intensive clothing, concentrated respectively in the developed and developing countries of the world.⁵ In textiles the Community has a favourable balance of trade, while in clothing the Community has a deficit; this is also the case for Britain and Germany individually, even though the German deficit in clothing was about four times as great as the British in 1975 as well as in 1976.⁶ Meanwhile, Denmark had a deficit in regard to both textiles and clothing.⁷

The EC is by far the largest market for the developing countries' exports of textiles and clothing, especially clothing. Between 1973 and

1977, however, over 500,000 jobs have been lost in the Community's textile and clothing industry, and 3,500 factories and mills have been closed down.⁸ Between 1973 and 1976, imports of textiles into the Community, expressed in terms of tonnage, increased by 80 per cent. In 1976, in terms of value, textile imports amounted to 9.3 billion dollars. Most important perhaps, between 1973 and 1975, 72 per cent of the growth in world textile imports was accounted for by imports into the Community.⁹ As a consequence, unemployment rose dramatically, particularly women and the poor regions of the Community were hard hit.

France and Britain were relatively lucky, of the nine member-states they lost the fewest jobs in the textile industry in terms of percentage of jobs lost, from 1973 to 1976 respectively 9 and 7 per cent.¹⁰ Germany lost more jobs (178,000) in the textile industry between 1973 and 1976, than France and Britain together. The drop in textile jobs was 22 per cent in Germany and 20 per cent in Denmark. Yet, it has been France and Britain who have been demanding protection for their textile industries. (see chart 23).

Textile imports into the United States amount to less than half of what the Community imports and the United States has felt less threatened as the degree of recent penetration of its market has been much lower. In the United States the textile industry has shifted southward from the expensive and unionized northeastern states to the industrializing, cheap and non-unionized states of North and South Carolina, Alabama, Georgia and Texas. This migration has cushioned the American industry from rising wage costs. Furthermore, the sheer height of the U.S. tariff walls protect American manufacturers, while it allows them to earn the necessary return to finance their productivity-improving investments. American textile tariffs are much higher than Community textile tariffs, in some cases

twice as high.¹¹ On the other hand, before EC-membership, Denmark's textile tariffs were generally lower than Community tariffs, in many instances textiles could even be imported duty-free.¹² (see chart 24).

Although the Multi-Fibre Agreement had to be renewed by the end of 1977, the problem was that the Nine were not able to find a common position. Of The Nine, only Denmark and Germany were willing to renew the Multi-Fibre Agreement exactly as it stood.¹³ This would permit developing countries continued access to the EC market, and it would allow the textile exporting countries to plan future investments and production. Denmark and Germany were in part able to take this liberal stance since they had liberalized their import policies for textiles from developing countries at an earlier date than the other member-states. Denmark and Germany were supported by the developing countries, the United States and Japan. They argued that a more stringent Multi-Fibre Agreement would compromise the commitment to free trade and it would be detrimental to the developing countries.

The Gesamtverband der Textilindustrie in der Bundesrepublik Deutschland maintained that the Multi-Fibre Agreement must be renewed and it saw the Agreement as an essential instrument in balancing the interests of the developed and the developing world.¹⁴ Although Germany had lost many jobs in her textile industry, the German government was far more concerned with keeping the Community on a free trade course. There had usually been other jobs for the German textile workers who had been made redundant. Further, German investments in textile plants abroad guaranteed German firms a good return while it provided German consumers with reasonably priced goods.

On the other hand, the British Textile Confederation wanted the Multi-Fibre Agreement revised.¹⁵ It felt that "a properly modified Multi-Fibre Agreement would alleviate many of the problems facing the British textile industry", and it would "reverse many of the regrettable trends". The British Textile Confederation wanted the Multi-Fibre Agreement extended to include dumping and other disruptive practices so that controls could be applied with speed and resolve. In September 1977, when the Commission proposed to the Council to offer each supplying country an annual growth rate of 6 per cent for its total exports to the Community, the British Textile Confederation responded immediately by issuing a press release which said in part, "this seems an over-generous figure in view of the escalating level of imports over the last few years, and it far exceeds the expected low rate of growth in domestic demand.... The low-wage textile exporters must recognize that there is one alternative only to reasonable agreement: the imposition of unilateral measures which would jeopardise the continued growth of their trade links with the Community."¹⁶ A month later, in the middle of October 1977, Mr. Edmund Dell, British Secretary of State for Trade, stated that no one should have any doubt about the British government's determination "to take whatever unilateral action is required rather than accept an unsatisfactory package of agreements."¹⁷

On September 7, 1977, The Association of Danish Textile Wholesalers (Textilgrossistforeningen) published a press release in English which stated in part:

When Denmark joined the Common Market....where restrictions in foreign trade should be banned as well in the internal EEC trade as in the trade with the developing countries in the best accordance with the proclaimed EEC trade policy towards the developing countries, the spire of the continuation of the favourable conditions for the international trade in textiles was sensed.

However, as the effects of the recession extended, the liberal EEC trade policy changed into what the Association of Danish Textile Wholesalers characterizes as protectionistic....

The Association of Danish Textile Wholesalers finds it disappointing that the EEC, in its trade policy, has let down its international moral and legal obligations....

The international division of labour is the only way out of the economical and social tensions in the relations between developed and less-developed countries. And the fact that the international division of labour from a selfish point of view as well is the only way in which the EEC can survive, is another reason to warn against the protectionism, which the EEC institutions have subjected themselves to.¹⁸

The Association of Danish Textile Wholesalers claimed that the Commission's proposed quotas and other import restrictions violated the free movement of goods as well as Article 115 of the EEC Treaty. The Association therefore brought its concern to the attention of both the Danish government and the Commission.¹⁹

On the other hand, the Danish Textile and Clothing Industries' Joint Council (Textil- og Konfektionsindustriens Faellesraad) pointed out in a letter to the Danish government dated July 6, 1977, that the number of jobs in the textile industry fell from 38,700 in 1973 to 29,900 in 1977. In another letter to the Folketing's Market Committee, the textile manufacturers stated that in her position on the renewal of the Multi-Fibre Agreement, Denmark ought to make common cause with the other EC countries, with the exception of Germany.²⁰ (underlining mine). The manufacturers held that the Multi-Fibre Agreement must be renewed, but in a modified form, limiting cheap imports.

Nevertheless, the Danish government took the same liberal stand as Germany. The Danish government wanted to support the developing countries; it realized that Denmark is a net importer²¹ of both textiles and clothing; it wanted low consumer prices; it is committed to free trade; and it argued that the Danish treasury could not afford to bail-out or subsidize ailing industries as is done in some other countries.

Germany and Denmark generally had fewer worries about their textile industries than the other Seven, and often Germany and Denmark were the odd men out at both government and industry meetings on the question of import restraints. Denmark and Germany held that the global approach, advanced by Britain and France, whereby global quotas would be implemented, fixing ceilings of maximum imports from all sources for a given product, was contrary to the objectives of the Multi-Fibre Agreement, and they felt that the global approach would set a dangerous precedent. The global approach, in contrast to the bilateral approach embodied in Article 4 of the Multi-Fibre Agreement, would mostly benefit efficient producers and would not take into account the poorest countries nor newcomers. GATT Secretary General, Olivier Long, also thought that it would be difficult to modify greatly the Multi-Fibre Agreement, switching to a global approach.

France and Britain, demanding protection for their textile industries, wanted to see the Multi-Fibre Agreement modified. They were supported to some extent by the other five member-states, as well as by Canada, Australia, Austria, Switzerland and the other Nordic countries.

At the Council Meeting on April 5, 1977, agreement was reached on stabilization measures for certain sensitive imports, and on guaranteed access to 'newly arrived' suppliers. Divergences essentially concerned the idea of stabilization measures for all imports and the method to follow in determining quotas.

After the Council Meeting of May 3, 1977, it was decided to establish global quotas on the internal level. Consequently, in the bilateral negotiations with the different supplier countries, the Commission would endeavour to see these quotas implemented. This system was referred to as "internal globalization" in contrast to "external globalization" which

previously had been advocated by France and Britain. This meant that the Multi-Fibre Agreement did not have to be modified, something which would have met great opposition in Geneva. Secondly, it meant that the Community would adhere to the Multi-Fibre Agreement's bilateral approach while in fact implementing global quotas internally through bilateral voluntary restraint agreements with supplier countries.

Meanwhile, textile imports continued to arrive in large quantities. Much of Europe's textile industry maintained that the bilateral accords which had been negotiated, had set the quota levels too high for a period of continuing world-wide recession. Particularly the bilateral agreements negotiated first, in 1975, were criticized.

Early in the summer of 1977, the French threatened to take unilateral action, unless the Community immediately took measures to check the increase in imports. The French favoured action under Article XIX of the GATT, which allows recourse to safeguard measures when a national industry is seriously threatened. The other member-states, particularly Germany and Denmark, as well as the Commission, were opposed to the use of Article XIX. During early June, desperate attempts were made to reach a Community compromise. It was feared that if France were allowed to take unilateral action under GATT Article XIX, the Community's credibility in the field of external trade would be jeopardized. On June 18, before any compromise had been reached, the French announced that as from June 22, import controls would be applied to a number of sensitive clothing items and cotton yarn entering France from non-Community sources.

The Commission was extremely concerned about this unilateral action because it knew that other member-states would demand similar safeguard measures for their textile industries. The Commission also feared that the

French action would complicate further the difficult negotiations regarding the renewal of the Multi-Fibre Agreement. The Community textile industry agreed with the Commission that action at the Community level, if taken immediately, was preferable to unilateral action at the national level. A Commission Regulation of July 12, 1977, restricting certain imports into the Community until the end of 1977, was confirmed by the Council Regulation of August 5, 1977.²¹ Similar restrictions were placed on certain additional imports a month later.²² The Community justified these measures under the safeguard clauses contained in the various preferential trade or textile agreements with the countries concerned. Shortly after the Community's Regulation came into force, France terminated her unilateral measures. A serious split among The Nine had been avoided, while France had successfully moved the Community's position closer to her own protectionistic stance.

During the summer the Commission appointed a new chief textile negotiator, Mr. Tran Van Thinh, and a new textile team was created, employing three times as many people as the two previous Divisions in the Commission. Precisely when the textile problem had reached a crisis point, the Council expanded the bureaucracy - in order to deal efficiently and competently with the crisis facing the textile industry.

The Commission's basic strategy in the negotiations for the renewal of the Multi-Fibre Agreement, finally approved by the Council on September 20, 1977, was to conclude 33 bilateral textile agreements with the most important supplier countries. The Commission was to seek quota restrictions on textile imports related in inverse proportion to the growth rate of their share of the Community market. The Community was prepared to permit an overall growth rate of about 6 per cent on 1976 levels.

Then in October 1977, Britain delayed the start of the textile negotiations because the Commission's approach was not strict or precise enough. Britain's two main concerns were the future level of cotton yarn imports into the United Kingdom and the lack of detailed information about the effects of the pursued policy on the British textile industry in general. The British Textile Confederation in referring to an earlier detailed statement of Community objectives in the textile negotiations, stated on October 14, 1977, that "instead of an orderly approach, with specific quotas for specific products from specific countries, the brief that has emerged is imprecise and incomplete. A largely blank cheque is not a satisfactory basis for constructive negotiations, and the United Kingdom government was right to reject it.... Our aim is orderly development in world trade in textiles and clothing. We seek a fair balance of opportunity for all. We want nothing more than this - and certainly nothing less."²³

The way was opened for formal negotiations to start between the Community and 33 textile supplier countries at a Council Meeting on October 18, 1977, when Britain lifted her veto on the Commission's negotiating mandate. The increase allowed for cotton yarn was cut in half.

The Community also made it known in Geneva that its readiness to agree to a renewal of the Multi-Fibre Agreement in its present form for a further four years, would depend on the outcome of the negotiations with the 33 textile exporters. The Community insisted that satisfactory bilateral voluntary restraint agreements must be concluded by the end of November 1977, if the Community was to renew the Multi-Fibre Agreement after it expired at the end of 1977, otherwise the Community would withdraw from the Multi-Fibre Agreement and act unilaterally on textile imports.

On December 29, 1977, the European Communities signed the Protocol Extending the Arrangement Regarding International Trade in Textiles, as the Commission had initialled 19 agreements with major supplying countries, while negotiations were continuing with several others.²⁴ The Multi-Fibre Agreement was renewed for four years until the end of 1981.

In regard to the renewal of the Multi-Fibre Agreement, Denmark and Germany opposed the protectionistic stance taken by the other member-states, headed by France and Britain. If Denmark is to find international support for her free trade philosophy, she is thus more likely to find liberal Germany supporting her than protectionistic Britain, an example is the negotiations and events leading up to the renewal of the Multi-Fibre Agreement.

The Danish position might be explained by two factors.²⁵ First, the Danish government's position has traditionally been not to intervene directly in the affairs of industry, but to create a framework for industrial activity and progress. This means that the politically desired objectives have generally been pursued by indirect means such as credit facilities and provisions for depreciation. Danish governments have usually not been willing to subsidize or bail out industries in trouble. The argument has been that the Danish treasury cannot compete with those of other countries. Nationalization has been out of the question and today banks, telephone and power utilities remain private enterprises. The objective has been to create a competitive industrial base which would be able to expand on its own at home as well as on export markets.

The other factor is Denmark's commitment to free trade. Denmark has played an active role in the liberalization of trade, and she has often called for the further dismantling of tariffs as well as non-tariff barriers. Denmark has traditionally had one of the lowest tariff walls in

Europe and she has only to a very limited extent made use of import restrictions. Denmark is highly dependent on trade and must import both raw materials and finished goods. A policy of autarky, or even a limited industrial policy as that implemented in France in the post-war period, has not been attempted, nor even considered, in Denmark. In fact, one of the main objectives in Danish trade policy has been the pursuit of greater access to export markets.

Denmark wants the Community to ban all state aids to ailing industries. The Danish Foreign Minister, Mr. Knud Børge Andersen, who was President of the Council of Ministers in the first half of 1978, ordered during his term an investigation into subsidies to industry in all Community countries.²⁶ In this endeavour he was backed by Germany,²⁷ who later in the beginning of May 1978, sent a memorandum to the Council warning of the rising protectionism within the Community.²⁸

Knud Børge Andersen set himself 11 objectives when Denmark took over the Presidency in January 1978. The first was that Denmark would not promote selfish interests.²⁹ This remark was aimed at Britain, who during her Presidency in the first half of 1977, had tried to pursue distinct British interests in agriculture, fisheries, energy and textiles.³⁰ The second objective was to continue the fight against trade barriers and protectionism.

If we compare Danish objectives and policies with those of Germany and Britain, we will find that Denmark has more in common with Germany than Britain. The United Kingdom has nationalized various industries: coal, steel, automobiles, aircraft and shipyards. Moreover, Britain has provided various industries with state grants and has increasingly pursued protectionist policies,³¹ about which both Denmark and Germany have complained.³²

On the other hand, the Federal Republic of Germany has pursued a policy of free trade and free enterprise, and she is opposed to the nationalization of industry as well as state subsidies.³³ This position is shared by the Social Democratic Parties in both Denmark and Germany.

It is not Denmark who has changed her position on these matters. It is Britain and Germany who have switched roles. Whereas it was formerly Britain who was the champion of free trade and free enterprise, it is now Germany who takes this liberal stand. If Denmark is to find support for her fight against protectionism as well as for her industrial and trade policies, she is now more likely to find Germany supporting her position than Britain. One example is the textile industry and its international Multi-Fibre Agreement.

Chart 23. Textile Trade Balance (in million E.U.A.)

		1975	1976
E.C.	Textiles	1,236.0	1,001.1
	Clothing	<u>-1,573.8</u>	<u>-2,182.3</u>
	Total	- 337.8	-1,181.2
Germany	Textiles	357.9	359.1
	Clothing	<u>-1,221.1</u>	<u>-1,567.7</u>
	Total	- 864.2	-1,208.6
France	Textiles	213.8	150.9
	Clothing	<u>89.1</u>	<u>- 15.0</u>
	Total	302.9	135.9
Italy	Textiles	345.9	238.9
	Clothing	<u>289.6</u>	<u>345.7</u>
	Total	635.5	584.6
Netherlands	Textiles	129.8	126.9
	Clothing	<u>- 273.8</u>	<u>- 380.7</u>
	Total	- 144.0	- 253.8
Belgium	Textiles	111.0	107.0
	Clothing	<u>- 55.6</u>	<u>- 89.2</u>
	Total	55.4	17.8
Britain	Textiles	104.9	86.2
	Clothing	<u>- 386.0</u>	<u>- 429.8</u>
	Total	- 281.1	- 343.6
Ireland	Textiles	- 17.4	- 23.6
	Clothing	<u>- 0.6</u>	<u>- 4.1</u>
	Total	- 18.0	- 27.7
Denmark	Textiles	- 10.0	- 44.2
	Clothing	<u>- 10.4</u>	<u>- 41.7</u>
	Total	- 20.4	- 85.9

Source: COMITEXTIL, Bulletin 77/3, p. 17.

Chart 24. Comparison of Textile Tariffs

	E.C. average	U.S.A. average	Japan average	Taiwan average	Brazil	Korea
Cotton yarn	6.9 %	8.8 %	9.5 %	33 - 46 %	85 %	40 %
Woven fabrics of man-made staple fibre	16.0 %	34.3 %	19.4 %	104 %	155 %	60 %
Socks & stockings	13.0 %	29.2 %	12.7 %	72 - 130 %	155 %	100 %
Men's outer garments	17.0 %	24.2 %	17.5 %	65 - 130 %	105 %	80 %
Women's outer garments	17.0 %	17.8 %	18.3 %	65 - 130 %	105 %	100 %

Source: GATT Secretariat, as cited in European Community Background Note No. 28/1977, European Community Information Service, Washington, D.C., November 21, 1977.

6. The Textile Industry and the Multi-Fibre Agreement

References and Notes

1. The thirteen bilateral voluntary restraint agreements were signed with: Brazil, Columbia, Egypt, India, South Korea, Hong Kong, Macao, Malaysia, Singapore, Pakistan, Romania, Yugoslavia and Japan. See Report of the Crisis in the Textile Industry, European Parliament Working Document 438/77 of December 13, 1977.
2. Ibid., p. 12.
3. Ibid., p. 17.
4. Ibid., p. 71; See also "Textile Wages: Britain undercuts all in Europe", Vision, February 1978, p. 56.
5. "Textiles and clothing: through the wringer", Economist (London), December 31, 1977, pp. 87-92.
6. Report on the Crisis in the Textile Industry, p. 92.
7. Ibid., p. 92.
8. Textiles Committee - Negotiations for the Renewal of the MFA, Delegation of the Commission of the European Communities, Information à la Presse du Bureau de Genève, July 5, 1977, p. 1.
9. Ibid., p. 1.
10. "Textiles. Too many rags, not enough riches", Economist (London), October 15, 1977, p. 63.
11. E.C. Import Arrangement for Textile Products from 1978, Delegation of the Commission of the European Communities, Background Information, Washington, D.C., November 21, 1977.
12. See Toldloven. Lov Nr. 519 af 13. december 1972, Bilag 1, Toldtariffen, Afsnit XI, Tekstilvarer, pp. 247-276.
13. Max Malzer, "Danmark støtter forlaengelse af tekstil-aftale med udviklingslandene", Børsen (Copenhagen), March 17, 1977, p. 7; Hans-Jürgen Mahnke, "Mange traade at udrede i EF's import af tekstiler", Børsen (Copenhagen), October 14, 1977, p. 20.
14. Es geht nicht ohne Welttextilabkommen, Gesamtverband der Textilindustrie in der Bundesrepublik Deutschland Press Release, Frankfurt/Main, September 9, 1977; Gesamttextil zum Welttextilabkommen: Verlängern, verbessern und konsequent anwenden, Gesamtverband der Textilindustrie in der Bundesrepublik Deutschland Press Release, Frankfurt/Main, November 16, 1976.

15. A Future for British Textiles, British Textile Confederation, London, 1977.
16. Cautious Reaction to Commission's Textile Approach, British Textile Confederation Press Release, September 10, 1977, p. 1.
17. Cautious Welcome by Textile Chief for Opening of Brussels Talks, British Textile Confederation Press Release, London, October 21, 1977, p. 2.
18. Textilgrossistforeningen Press Release, September 7, 1977; See also Handel, No. 2, published by Grosserer-Societetet, January 30, 1978.
19. According to Mr. Claus Bagger, Association of Danish Textile Wholesalers, Copenhagen, in a personal interview in January 1978.
20. In a letter entitled "Vedrørende fornyelsen af multifiberaftalen under GATT" from Textilfabrikantforeningen (Association of Textile Manufacturers), the Secretariat of the Textile and Clothing Industries' Joint Council, to the Folketing's Market Committee, dated May 16, 1977.
21. Council Regulation (EEC) No. 1827/77, August 5, 1977, Official Journal No. L 202, p. 2, August 9, 1977.
22. Council Regulation (EEC) No. 2071/77, September 20, 1977, Official Journal No. L 243/2, September 22, 1977.
23. MFA Negotiations. There can be no backsliding now, British Textile Confederation Press Release, London, October 14, 1977.
24. "EEC has notified Geneva of its consent to renewal of Multifibre Arrangement", Agence Europe (Brussels), No. 2358, January 4, 1977, pp. 4-5; New Textile Agreements, Commission of the European Communities, Background Report, London, April 27, 1978.
25. J. Ørstrøm Møller, Industripolitik i Europa, Copenhagen, Gyldendal, 1973, pp. 60-61.
26. Commission Policy on Sectoral Aid Schemes, COM(78)221 final, Brussels, May 25, 1978; Max Malzer, "Dansk syn faar EF-støtte: statsbistand maa stoppes", Børsen (Copenhagen), June 8, 1978, p. 10.
27. Renagh Holohan, "Danes want EEC to ban state aids for ailing industries", Irish Times (Dublin), April 12, 1978, p. 7.
28. "In its Memorandum to the Council, the German government reaffirms its attachment to the market economy and its hostility to any protectionist inclination", Agence Europe (Brussels), No. 2442, May 4, 1978, p. 6; See also the Editorial of Agence Europe (Brussels), No. 2443, May 8/9, 1978, p. 1; "German Memorandum on Community Structural Policy in the Industrial Sector", Europe Documents No. 1002, in Agence Europe (Brussels), May 18, 1978.

29. Knud Børge Andersen, "Danish Presidency not intended to promote selfish interests", Danish Journal, January-June 1978, pp. 16-19.
30. "Lavpunkt i EF. Britisk formandskab en skuffelse", Politiken (Copenhagen), July 1, 1977, p. 4; "Britisk egoisme", Jyllands-Posten (Aarhus), June 29, 1977, p. 10; Hans Jørgen Sørensen, "Dansk raseri over den britiske ledelse af EF: De vil bare rage til sig", Aktuelt (Copenhagen), March 31, 1977, p. 16; Ole Würtz, "Havde de Gaulle mon ret?", europa, No. 6, June 1977, p. 17.
31. Malcolm Crawford, "Why we'll get burnt if trade war heats up", Sunday Times (London), March 12, 1978, p. 62; Colin Jones, "Nationalised industries: the limits to action", Financial Times (London), March 14, 1978, p. 16; Commission approves extension of the temporary employment subsidy in the United Kingdom, Commission of the European Communities, Spokesman's Group, Press Release IP(78)55, March 15, 1978.
32. "State Aids. One almost down, four to go", Economist (London), March 4, 1978, p. 58.
33. Olivier Lorsignol, "Growing Shadow of the Public Sector", Vision, February 1978, pp. 17-20.

Chapter Six: Conclusion

This study has sought to contribute to a better understanding of the consequences for Denmark of membership of the European Communities. The principal aim has been to reveal changes in Denmark's relations with Britain and Germany, brought about by EC-membership, the primary claim being that Denmark now follows Germany, instead of Britain, in international economic and commercial affairs.

As a small country on the periphery of European developments, Denmark has traditionally been dependent on the core states of Britain and Germany. Denmark's relations vis-à-vis these two countries, as well as Denmark's decision to join the European Community, might be explained by Karl Deutsch's concept of core areas, as the development of core areas, provided they embody certain economic and political capabilities, seem to promote integration. Core areas, such as Britain and Germany, which would have the power and capacity to act and the ability to respond to the other units involved, would attract smaller peripheral nations like Denmark, who would expect to share in the growth and progress of the core area. Denmark has been heavily dependent on both Germany and Britain, as well as the balance of power between them. Once Denmark's two core areas, Britain and Germany, decided to create closer links, as Britain's joining the EC, we would then expect them automatically to draw Denmark with them into this new and more powerful core area. Once Britain decided to join the EC, there would be no feasible alternative for Denmark but to join the EC as well. As a

member of the Community along with Britain, we would expect Denmark's dependence on this new larger core area to increase, particularly her dependence on Germany. Denmark's dependency on Germany would also increase if at the same time British capabilities to act and abilities to respond to Denmark stagnate or diminish.

The creation of the European Community has fostered trade and economic interdependence among the member-states. For all The Nine, the other Eight have increasingly become their most important export market as well as supplier. Within the Community, Germany has emerged as the economic power house. For all the member-states, except Ireland and Britain, Germany is their most important trading partner.

The fact that Germany is now Denmark's most important trading partner is not unique, as this is the case for the other original member-states of the Community. Denmark is thus merely falling into line with previous developments. For Britain and Ireland as well, trade with Germany has increased substantially after EC-membership. While it is likely that Germany will soon surpass the United States to become Britain's most important trading partner, it is unlikely that Germany will surpass Britain to become Ireland's most important trading partner, at least in the foreseeable future.

Bordering on Germany, Denmark has not been able to ignore German influence. Denmark's dependence upon Germany has been largely proportional to the rise and fall of German economic, military and political power. With the rise of German power in the post-war period, we should find Denmark's dependency on Germany to gradually increase.

Being economically dependent on Britain and Germany, Denmark has in the post-war period sought either a European free trade area,

which would include agricultural products, or a form of Nordic economic cooperation, which could be accommodated to a larger European economic arrangement. For the first fifteen years after the Nazi occupation, Denmark was not ready to join a customs union or common market which included Germany, but not Britain. For political reasons, Denmark therefore followed Britain, who was also Denmark's largest export market, particularly for agricultural products. Moreover, Denmark favoured Britain's approach to economic cooperation in Europe, rejecting the continental federalists' proposals for supranational integration. Denmark followed Britain into EFTA and subsequently into the EC, in fact, Denmark's official policy was to follow Britain, Denmark's EC-application being tied to the British application. Membership of the EC along with Britain did not seem as dangerous, and further, it would guarantee access to both the British and German markets, including agriculture.

In the post-war period, Denmark also participated in various attempts to create closer economic links among the Nordic countries. These attempts never materialized, due either to Denmark's insistence on the inclusion of agriculture and a Nordic arrangement's adaptability to a larger European framework, or due to Finland's relations with the Soviet Union, Norway's nationalism and economic situation, and/or Sweden's neutrality. Not only did the various Nordic attempts of closer economic cooperation fail, but the Nordic countries were not even able to agree on a common position vis-à-vis EFTA or the EC. Their national interests were much too different. Typically, the greatest progress in Nordic integration was made within a European framework: EFTA. Fortunately, for the sake of Nordic economic cooperation, in this way also

appeasing the Danish EC-opponents, one last attempt, in the form of NORDEK, was made before Denmark joined the EC. This demonstrated that there was no basis for the establishment of a Nordic common market. In fact, Denmark joined the EC, well-knowing that she would be the only Nordic country in the Community.

Economically, Denmark has never pursued a solely Nordic orientation, as Britain and Germany have traditionally been her most important trading partners. So while Denmark's security policy has an Atlantic dimension as a member of NATO, and her cultural affinity with the other Nordic countries remains extremely close, her economic orientation has all along been clearly European. Even though Denmark's membership in EFTA greatly increased her trade with the other Nordic countries, Denmark's economic orientation remained European, an orientation which was further strengthened when Denmark joined the EC.

With the collapse of NORDEK and the subsequent Danish membership of the EC, some people felt that Nordic cooperation was a dead issue. Denmark's membership of the EC has not, however, hindered Nordic cooperation. As a member of EFTA, Denmark tried to serve as a bridge between EFTA and the EC, while as a member of the EC, Denmark is now trying to serve as a bridge between the EC and the Nordic countries. In fact, the challenge presented by the Community seems to have strengthened the necessity of continued Nordic cooperation. At present, within the Nordic Council, one country is actually a member of the EC, while the other four are members of EFTA.

The underlying ideas of EFTA and the EC reveal two different approaches to economic cooperation and integration. Within EFTA, no sovereignty has to be surrendered and no supranational institutions

or policies have to be created. EFTA is an international agreement establishing free trade in industrial goods. Within the European Communities, on the other hand, the creation of common policies and institutions has meant surrendering some national sovereignty to the supranational authorities. While the Danish opponents of EC-membership have pointed to this marked difference between the two approaches to European economic cooperation, the position of many Danes has been that EFTA was a stepping stone to the EC. To a great extent Denmark considered EFTA a temporary organization. EFTA did not solve the problems facing Denmark's agricultural exports, but EFTA did prepare Danish industry for further foreign competition.

According to the 1971 negotiation results between the EC and the applicants, the Nordic countries would remain a free trade area for industrial goods after Danish EC-membership, while Denmark would gain access to the EC-market for not only industrial goods, but for agricultural products as well.

From the 1870's and until EC-membership, Britain was Denmark's most important export market, Britain buying half of Denmark's exports up until World War II. Meanwhile, Germany was clearly Denmark's second most important trading partner. However, one of the consequences of Denmark's participation in EFTA was that Sweden surpassed Germany to become Denmark's second most important trading partner, particularly for industrial products.

One of the most significant consequences of EC-membership is that after five years, Germany has surpassed both Sweden and Britain, and Germany has emerged as Denmark's most important trading partner, both

for imports and exports. Joining the EC customs union has had a trade creating effect, above all in trade with Germany.

In order to ascertain Denmark's state of relations with Britain and Germany, as they have developed after EC-membership, this study has looked at trade patterns, in addition to monetary, agricultural and fisheries policy, as well as industrial policy in the two crisis sectors of textiles and shipbuilding.

With the exception of agriculture, we find that Denmark and Germany follow similar policies. In agriculture, it must be said that Germany deviates from her otherwise liberal policies, and follows a rather protectionistic line. That does not mean that Denmark follows Britain in agricultural policy, even though Britain would like to see a more liberal policy. On the contrary, many of Denmark's disputes over agricultural policy have been with Britain. The difference between Denmark and Britain is probably mainly due to the fact that the United Kingdom is a large importer, while Denmark is a large exporter of agricultural products. Moreover, the drastic depreciation of the British Pound has greatly increased the cost of British food imports.

The other sector studies show that Denmark is increasingly following Germany. In monetary policy, the Danish krone is no longer tied to the British Pound, it is now linked to the Deutsche Mark within the Snake. Unlike Britain, Denmark is also a firm supporter of further progress towards monetary union, as is Germany.

In fisheries policy, the strongest opposition to a common Community policy has come from Britain, and Denmark and the United Kingdom have constantly stood opposed to each other. Indeed, in fisheries policy, Britain stands alone vis-à-vis the other Eight.

Regarding the textile and shipbuilding sectors, we can say that Britain has advocated a protectionistic policy, while Denmark has proposed the maintenance of a very liberal stance, despite the crisis facing these two sectors. Denmark is fully supported by Germany, who also is a strong advocate of a liberal industrial policy and free trade.

According to Denmark in Europe 1990, a report published in 1979 by the Hudson Institute in Paris, "it is doubtful whether the traditional Danish non-interventionist liberal philosophy - at least as it affects the operation of the economy - will be able to survive the next decade." The report states that the demise of Denmark's liberal economic policies is due to EC-membership, particularly because of the protectionist positions continuously being taken by Britain, France and others. Denmark will thus increasingly have to rely on Germany to resist the implementation of further protectionistic policies within the Community. The present study, after examining six vital economic sectors, comes to the same conclusion.

Denmark does not follow Germany just because Germany has become the economic leader of Western Europe, or because Germany has become Denmark's most important trading partner, but primarily because Germany pursues policies which are similar to the ones that Denmark would like to see implemented in the Community. Denmark follows Germany because it is in Denmark's own national interest to do so. As well, Denmark's policies often coincide with the Commission's policy proposals.

Denmark's ally is therefore frequently either the Commission and/or Germany.

Before joining the European Community, it was generally believed in Denmark that Britain and Denmark would cooperate very closely within

the EC. On the other hand, some Danes felt that Denmark's natural allies within the EC would be the other small member-states: Belgium, the Netherlands and Ireland. Few Danes pointed to Germany as the closest ally and partner.

The Danish EC-opponents pointed to Germany, but not as an ally and partner, but as a threat. The opponents feared that Denmark would be drawn closer to Germany, who increasingly would come to control and even to own Denmark. In time, Denmark would become a German region or Land. The opponents have in this way exploited the anti-German sentiment in Denmark, which does exist due to Slesvig, and more recently the Nazi occupation.

In no case, however, has there been a violent clash with Germany within the EC, comparable to the way Denmark has collided with Britain on several occasions. It is fortunate that Denmark has not clashed with Germany, as this would have reinforced the anti-German sentiment in Denmark, it would also have provided the EC-opponents with deadly ammunition, and it might have jeopardized Danish EC-membership.

The clashes with Britain emphasize the advantages of EC-membership, as outside the EC, Denmark would have had to face either Britain or the Community by herself. Danish interests, be they in agriculture, fisheries or industry, might not then have received support from anyone else - if Denmark had stood outside the EC alone. The really significant factor is that support has often come from Germany, a fact that might not be appreciated by all Danes, especially not the EC-opponents who are all too often unwarrantably anti-German.

In fact, the Danish EC-opponents have been fairly successful in their campaign against continued EC-membership. According to various

opinion polls more Danes would vote against than for membership since late 1973, the percentage against membership having gradually increased over time. Voting in an opinion poll does not, of course, carry the same weight and responsibility as voting in a referendum. The negative stance might be explained by the fact that shortly after joining the EC, Denmark was severely affected by the oil crisis and high levels of inflation and unemployment. That apart, there seems to be a certain correlation between increasing economic dependence on the European Community and increasing public opposition to continued membership as revealed in public opinion polls. So while Denmark has become more integrated economically with the EC, this is not reflected in the Danes' approbation of membership. A dichotomy exists between economic and social indicators, which is certainly one area for further research.

According to various Eurobarometre opinion polls, there are more people against than for EC-membership in both Britain and Denmark. Britain's negative attitude is reflected in her policies, but this is not true for Denmark.

Further research in relation to this study might also be done in the field of European political cooperation. The main focus in this study has been economic sectors, but it might be fruitful to investigate if Denmark follows Britain or indeed Germany in more political matters, as for instance, Enlargement of the Communities to include Greece, Portugal and Spain. Further, Denmark supports Germany's Ostpolitik and Denmark is a firm supporter of NATO, as is both Britain and Germany. Yet, while Denmark and Germany take the same liberal stand within the Multilateral Trade Negotiations within the GATT in Geneva, it appears that Denmark has not adopted the

liberal stance taken by Germany in the North/South Dialogue, but instead Denmark is willing to accommodate the demands of the Third World, for instance, in creating a so-called Common Fund for certain raw materials exported by the developing countries. Other fields for further research in political cooperation are the Middle East and Southern Africa.

Another research project could be to conduct this same study in regard to Ireland and Britain. Since Ireland joined the EC, her trade with Britain has diminished considerably, while her trade with Germany has increased substantially, Germany now having become Ireland's second most important trading partner. Further, Ireland, like Denmark, is a significant exporter of agricultural products to the United Kingdom. Moreover, Ireland is considering severing the Irish Pound's link with the British Pound Sterling, and instead joining the proposed European Monetary System. A similar study could also be made for the Netherlands, in order to see if corresponding results would be obtained.

One final area for further research, which arises from this study, is the position of Germany as the economic hub or core area of the EC. What consequences might Germany's pivotal position have for future developments in Europe? What economic and political consequences might it have for the other member-states?

Focussing on one member-state, the approach of this study has revealed that the European Community is not one monolithic entity, on the contrary, the nation-state is still the most important actor in the international system, particularly in reference to cooperation within the European Community. Further, this study has revealed that the economic and political relations among the member-states of the EC are

changing, which in turn might affect international power constellations regionally as well as globally.

All in all, it appears from this study that we can conclude that Denmark joined the EC for economic, not political, reasons. In fact, membership was seen as an economic advantage, but a political threat. Membership has been a distinct benefit, Denmark has gained access to a very large market, which includes agriculture. Further, the Treaties are based on free trade and free enterprise.

The fears that EC-membership would entail Denmark being flooded by Italian labour as well as by German capital have proven to be unfounded. Similarly, membership has not been a political threat. The surrender of sovereignty has in fact been much more limited than anticipated in 1972, and we therefore find the Danish government in the situation where instead of resisting further integration, it now actually supports further Community cooperation in numerous fields. As a member of the EC, Denmark's policies have steadily become more active and unconditional, a statement which cannot be said about Britain's policies.

By being a member of the EC, Denmark is able to exert some influence on developments in Europe, at least her voice will be heard. Moreover, issues are dealt with multilaterally through common institutions. Denmark is thus able to ally herself with others and she will not stand alone vis-à-vis Germany or Britain, as Denmark did in the 1930's.

Denmark's former balancing act between Germany and Britain was at times very delicate, but has after World War II finally been eliminated through the three countries' membership first in NATO and

subsequently the EC. With EC-membership, Denmark was able to retain her close ties with Britain, while at the same time her relations with Germany have fallen in place, whereby not only a natural and normal, but a close relationship can now be said to exist between the two countries. Thus the close relations Denmark often had with Germany throughout the centuries of Danish history were in most respects finally re-established when Denmark joined the EC.

Due partly to German protectionistic policies after the unification of Germany, Denmark followed Britain in economic matters from the 1870's and until EC-membership, Britain being the largest market for Danish exports as well as the staunchest supporter of free trade. Denmark therefore also followed Britain into EFTA and consequently the EC.

After EC-membership, Denmark has increasingly been following Germany, who has emerged as the most resolute supporter of free trade and who has also become Denmark's most important trading partner. In short, after over a century, Denmark has returned to her traditional relationship with Germany.

SELECTED BIBLIOGRAPHY

Adoption of Sixth V.A.T. Directive, Commission of the European Communities, Spokesman's Group, Information P-44, Brussels, May 1977.

"Agricultural Compensatory Amounts: Denmark again insists in Memorandum on need to gradually abolish this mechanism", Agence Europe (Brussels), No. 2220, May 19, 1977, p. 6.

"Agricultural Council: Danish "Green" Krone will be devalued by 5 % on 16 September", Agence Europe (Brussels), No. 2286, September 14, 1977, pp. 4-5.

"Agricultural Ministers of "Nine" to endeavour to settle question of Danish "Green" Krone", Agence Europe (Brussels), No. 2284, September 10, 1977, p. 5.

"Agriculture: Commission might present a ten-year plan to return to market unity through abolition of compensatory amounts", Agence Europe (Brussels), No. 2034, October 8, 1977, p. 8.

"Agriculture: Commission proposes abolishing present compensatory amounts in seven years' time", Agence Europe (Brussels), No. 2318, October 28, 1977, p. 7.

Aid to Shipbuilding, Proposal for a Council Directive on COM(77)517 final, Commission of the European Communities, Brussels, October 28, 1977.

Aid to Shipbuilding, Report on, European Parliament (PE 51.420/fin), Document 465/77 of January 10, 1978.

Amstrup, Niels, Dansk Udenrigspolitik
Copenhagen, Gyldendal, 1975.

Amstrup, Niels and Sørensen, Carsten Lehmann, "Denmark - Bridge between the Nordic countries and the European Communities?", Cooperation and Conflict, No. 1/2 (1975): 21-32.

Andersen, Bodil Nyboe, Udenrigsøkonomi
Copenhagen, Akademisk Forlag, 1977.

Andersen, Knud Børge, "EF og dansk udenrigspolitik" in Modig, Jan-Erik and Nielson, Poul (Eds.), Socialdemokrater fra 6 lande om EF, Copenhagen, Samlerens Forlag, 1972, pp. 145-153.

Andersen, Knud Børge, "Danish Presidency not intended to promote selfish interests", Danish Journal, Special Issue regarding Denmark's Presidency of the European Communities, January-June 1978, pp. 16-19.

Andersen, Knud Børge, "Danmark - Norden - EF. Forventninger og virkelighed", Nordisk Kontakt Vol. 8, May 9, 1978, pp. 461-463.

Andersen, Knud Børge, "The EC Presidency", European Community, Washington, D.C., July-August 1978, pp. 59-60.

Andersen, Poul Erik, "Større del af den danske udenrigshandel gaar nu til EF", europa (Copenhagen), No. 3, March 1977, p. 24.

Andersen, Poul Erik, "Det lykkedes ikke for Danmark helt at udnytte det store Faellesskabs-marked i 1977", europa (Copenhagen), No. 3, March 1978, pp. 12-13.

Andersen, Poul Nyboe, Danmark i Fremtidens Europa, Holte, EF-forlaget, 1972.

Andersen, Poul Nyboe, Danmarks Vej - Ja til EF, EF-Biblioteket Bind 5, Copenhagen, Forlaget Aktuelle Bøger, 1972.

Andersen, Svend, "Danmarks valutapolitik og dens internationale baggrund", Provinsbankens Temablad, November/December 1977, pp. 1-6.

André, Nils, "Nordic Integration", Cooperation and Conflict, No. 1 (1967): 1-25.

"As the temporary nature of agricultural compensatory amounts has been reaffirmed, Denmark can withdraw its reserve on the adoption of the VAT Directive", Agence Europe (Brussels), No. 2217, May 14, 1977, p. 4.

Auken, Svend; Buksti, Jacob and Sørensen, Carsten Lehmann, "Denmark joins Europe: Patterns of Adaptation in the Danish Political and Administrative Processes as a Result of Membership in the European Communities", Journal of Common Market Studies Vol. XIV, No. 1 (1975): 1-36.

Barfod, Gustav, Status i Faellesmarkedet, Udenrigspolitiske Skrifter, Serie 9, No. 3, 1971, Copenhagen, Det danske Forlag, 1971.

Bendix, Per; Bohn, Oluf; Borre, Ole and Damgaard, Erik, Decembervalget 1973, Copenhagen, J.H. Schultz, 1974.

Beretning vedrørende udviklingen i De europaeiske Faellesskaber i 1974, Departementet for Udenrigsøkonomi, Ministry of Foreign Affairs, Copenhagen, 1975.

Beth, Hans Ludwig, "Restructuring of European Industries and Shipbuilding". Paper prepared for the International Symposium on Maritime Research and European Shipping and Shipbuilding, Rotterdam, March 29-31, 1978. (Mimeographed).

Bjøl, Erling, "Foreign Policy-Making in Denmark", Cooperation and Conflict, No. 2 (1966): 1-17.

Bjøl, Erling, "Le Danemark et la Communauté européenne", Revue d'Intégration Européenne Vol. II, No. 1 (1978): 25-48.

- Bjøl, Erling, Udenrigspolitik, Copenhagen, Berlingske Forlag, 1973.
- Bjøl, Erling, "Krisen har bevirket, at Europa nu staar ved en ny skillevej", eurona, No. 10, December 1975, pp. 14-16.
- Bonde, Jens Peter (Ed.), Bogen om EF-Unionen, Allingaabro, Det Ny Notat, 1976.
- Borre, Ole, "Denmark's Protest Election of December 1973", Scandinavian Political Studies Vol. 9 (1974): 197-204.
- Borre, Ole; Nielsen, Hans Jørgen; Sauerberg, Steen; and Worre, Torben, Vaelgere i 70'erne, Copenhagen, Akademisk Forlag, 1976.
- Branner, Hans, Smaastat mellem Stormagter, Copenhagen, Munksgaard, 1972.
- Bregnsbo, Henning, Interessegrupper i dansk politik. Teori og virkelighed, Copenhagen, Gyldendal, 1974.
- "Britain plans a unilateral fishing ban", Guardian (Manchester), June 23, 1978, p. 4.
- "Britisk egoisme", Jyllands-Posten (Aarhus), June 29, 1977, p. 10.
- "Britiske løve tavs", Jyllands-Posten (Aarhus), September 14, 1977, p. 15.
- Brixtofte, Peter, "Dansk medlemskab af EF har givet god bonus", Børsen (Copenhagen), June 8, 1977, p. 14.
- Brixtofte, Peter, "Den danske eksport til de "gamle" markeder svigter", Børsen (Copenhagen), July 25, 1977, p. 20.
- Brixtofte, Peter, "Vesttyskland ind paa 1. pladsen som aftager af danske varer", Børsen (Copenhagen), February 20, 1978.
- Brundtland, Arne Olav, "The Nordic Balance", Cooperation and Conflict, No. 2 (1966): 30-63.
- Buksti, Jacob A., Et Enigt Landbrug?, Aarhus, Universitetsforlaget, 1974.
- Buksti, Jacob and Johansen, Lars Nørby, "Organisationssystemet i Danmark", økonomi og politik Vol. 51, No. 4 (1977): 386-415.
- "By mainly emphasising the need to protect fishing resources", Agence Europe (Brussels), No. 2152, February 11, 1977, pp. 7-8.
- Camps, Miriam, Britain and the European Community 1955-1963, Princeton, N.J., Princeton University Press, 1964.
- Cautious Reaction to Commission's Textile Approach, British Textile Confederation Press Release, London, September 10, 1977.
- Cautious Welcome by Textile Chief for Opening of Brussels Talks, British Textile Confederation Press Release, London, October 21, 1977.

Children of Migrant Workers, Commission of the European Communities, Collection Studies, Education Series No. 1, Brussels, 1977.

Christensen, J. Møller, "Dansk industrifiskeri - et skidt fiskeri eller et godt?", Jyllands-Posten (Aarhus), November 24, 1977, p. 12.

Christensen, Jens, "Are the Danes good Europeans?", Danish Journal, No. 1, 1976, p. 3.

Christoffersen, Poul Skytte, Introduktion til den økonomiske integrations-teori, Copenhagen, 1977.

Clayton, Hugh, "Britain defies EEC in defence of pig market", Times (London), February 4, 1977, p. 6.

Clayton, Hugh, "Britain agrees to end pig subsidy payments", Times (London), May 25, 1977, p. 6.

Coghlan, Denis, "Government urged to stand firm on fishery claim", Irish Times (Dublin), October 18, 1977, pp. 6 and 11.

Commission approves extension of the temporary employment subsidy in the United Kingdom, Commission of the European Communities, Spokesman's Group Press Release, IP(78)55, Brussels, March 15, 1978.

Commission Policy on Sectoral Aid Schemes COM(78)221 final, Commission of the European Communities, Brussels, May 25, 1978.

"Commission Presents a Mechanism for the Permanent Adjustment of agricultural compensatory amounts", Agence Europe (Brussels), No. 2078, October 22, 1976, p. 7.

Commission Proposes an Internal Fisheries Regime for 1978, Commission of the European Communities, Spokesman's Group, Information P-96, Brussels, October 1977.

Commission Report of the Effects of the Agri-Monetary System, Commission of the European Communities, Spokesman's Group, Information P-14, Brussels, February 1978.

Community Fisheries Policy, Commission of the European Communities, Spokesman's Group, Information P-4, Brussels, January 1978.

Corden, W.M., Inflation, Exchange Rates, and the World Economy, Chicago, University of Chicago Press, 1977.

Coull, James R., The Fisheries of Europe London, G. Bell & Sons, Ltd., 1972.

"Council approves immediate devaluation of Danish "Green" Krone", Agence Europe (Brussels), No. 2192, April 6, 1977, p. 7.

Crawford, Malcolm, "Why we'll get burnt if trade war hots up", Sunday Times (London), March 12, 1978, p. 62.

Crisis in the Textile Industry, Report on the, European Parliament (PE 49.094/fin), Working Document 438/77, December 13, 1977.

Damgaard, Erik, "Stability and Change in the Danish Party System over half a Century", Scandinavian Political Studies Vol. 9 (1974): 103-125.

Danish EC Referendum Survey. Questionnaires with Marginals, Institute of Political Science, University of Aarhus, Aarhus, 1974.

"Danish Shipbuilding. Not a Subsidy", Economist (London), August 27, 1977, p. 87.

Danmark i EF. 2. Økonomisk og Monetær Politik, Ministry of Foreign Affairs, Copenhagen, 1974.

Danmark i EF. 3. Europæisk politisk samarbejde, Ministry of Foreign Affairs, Copenhagen, 1974.

Danmark i EF. 4. Landbrug, Ministry of Foreign Affairs, Copenhagen, 1974.

Danmark i EF. 18. Fiskeri, Ministry of Foreign Affairs, Copenhagen, 1974.

Danmark og De europæiske Fællesskaber, Udvalget vedrørende Danmarks forhold til De europæiske Fællesskaber, Copenhagen, 1968.

Danmark og de Europæiske Fællesskaber, Udvalget vedrørende Danmarks forhold til De europæiske Fællesskaber, Copenhagen, 1971.

Danmark og de europæiske markedsplaner, Ministry of Foreign Affairs and The Economic Secretariat, Copenhagen, 1958.

Danmark og Det Europæiske Økonomiske Fællesskab, Ministry of Foreign Affairs, Copenhagen, 1962.

Danmark og EEC, Landsorganisationen i Danmark, Copenhagen, 1971.

Danmarks Grundlov, Det ny Notat, Allingaaebro, 1977.

Danmarks Nationalbank. Beretning og regnskab, Danmarks Nationalbank, Copenhagen, Annual Reports 1971-1977.

Dansk industri og Fællesmarkedet, Industriraadet, Copenhagen, 1971.

Dansk Økonomi Maj 1977, Det økonomiske Raad, Copenhagen, 1977.

"Dansk-britisk møde om fiskeri-løsning", Børsen (Copenhagen), October 26, 1977, p. 24.

"Det danske forhandlingsresultat", Romtraktaten, Copenhagen, EF-forlaget, 1971.

Davignon, Etienne, "Why a Community Reconstruction Plan for the Ship-building Industry?". Address by Commissioner Davignon of the Commission of the European Communities at the Meeting organized by the Bureau of the Antwerp Shipping Association on February 28, 1978. (Mimeographed).

Denmark - An Official Handbook, Ministry of Foreign Affairs, Copenhagen, 1974.

Deutsch, Karl W., The Analysis of International Relations Englewood Cliffs, N.J., Prentice-Hall, Inc., 1968.

Deutsch, Karl W. et al., Political Community and the North Atlantic Area Princeton, N.J., Princeton University Press, 1957.

Deutsch, Karl W. et al., Arms Control and European Unity: Elite Attitudes and their Background in France and the German Federal Republic, New Haven, Conn., Yale University, A Study of January 1966.

Deutscher Schiffbau 1976, Verband der Deutschen Schiffbauindustrie, Hamburg, 1977.

E.C. Import Arrangements for Textile Products from 1978, European Communities Information Service, Background Information, Washington, D.C., November 21, 1977.

Economic effects of the Agri-Monetary System, COM(78)20 final, Commission of the European Communities, Brussels, February 10, 1978.

"EEC Budget. Dogged Danes", Economist (London), May 14, 1977, p. 61.

"EEC Council deliberations on fishing promise to be very difficult", Agence Europe (Brussels), No. 2314, October 22, 1977, p. 4..

"EEC has notified Geneva of its consent to renewal of multifibres arrangement", Agence Europe (Brussels), No. 2358, January 4, 1978, pp. 4-5.

"EEC Position of the Renewal of the Multifibre Textile Arrangement", Agence Europe (Brussels), Europe Documents No. 956, July 11, 1977.

EF-Kvaernen, Det ny Notat, Allingaebro, 1977.

EF-medlemskabets konsekvenser for centrale dele af dansk erhvervsliv, Europa Parlamentet, Generaldirektoratet for forskning og dokumentation, 1977.

Eksport-Svineslagteriernes Salgsforening 1950-1975, Eksport-Svineslagteriernes Salgsforening, Copenhagen, 1975.

Ellemann-Jensen, Uffe, Det afhaengige Samfund. Danmark i det økonomiske verdensbillede, Copenhagen, Forum, 1972.

Ellis, Walter, "EEC to insist on 12-mile fish limit?", Irish Times (Dublin), September 23, 1976, p. 1.

"EMU lives, and its saviour's name is Schmidt", Economist (London), April 15, 1978, pp. 57-58.

Engell, Hans, "Staten vil sikre dansk jord mod spekulationsopkøb", Berlingske Tidende (Copenhagen), January 10, 1978, p. 2(1).

Es geht nicht ohne Welttextilabkommen, Gesamtverband der Textilindustrie in der Bundesrepublik Deutschland Press Release, Frankfurt/Main, September 9, 1977.

Espersen, Mogens and Haagerup, Niels Jørgen, Fællesmarkedet og Sikkerhedspolitikken, Udenrigspolitiske Skrifter, Serie 11, No. 1, 1972, Copenhagen, Det danske Forlag, 1972.

Etzioni, Amitai, Political Unification. A Comparative Study of Leaders and Forces, New York, Holt, Rinehart and Winston Inc., 1965.

European Community Adopts 200-Mile Fishing Zone, European Community Background Information Note No. 47/1976, Washington, D.C., November 5, 1976.

European Community's External Trade 1958-1974, European Documentation 1976/1, Commission of the European Communities, Brussels, 1976.

"European Court of Justice orders the United Kingdom to stop subsidies in the pigmeat sector immediately", Agence Europe (Brussels), No. 2222, May 23/24, 1977, p. 6

Fisheries of the European Community, Fishery Economics Research Unit, White Fish Authority, Edinburgh, 1977.

Fishery Catches by Fishing Region 1964-1976, Eurostat, Luxembourg, 1977.

"Fishing Council: Discussions among 'Nine' will be limited to an exchange of views", Agence Europe (Brussels), No. 2313, October 21, 1977, pp. 5-6.

"Fishing: Council grants 600 tonne herring quota for certain French fishermen", Agence Europe (Brussels), No. 2324, November 9, 1977, p. 6.

- "Fishing Council: Towards serious difficulties with United Kingdom", Agence Europe (Brussels), No. 2315, October 24/25, 1977, p. 4.
- "Fishing Council: United Kingdom confirms its intention to acquire main part of resources", Agence Europe (Brussels), No. 2473, June 21, 1978, p. 8.
- "Fishing Policy: Commission will not make new proposals to the Council", Agence Europe (Brussels), No. 2470, June 16, 1978, pp. 4-5.
- "Fiskerne søger selv kompromis uden om EF", Jyllands-Posten (Aarhus), October 25, 1977, p. 15.
- "Flovmand i EF", Jyllands-Posten (Aarhus), July 20, 1977, editorial.
- Folketinget Haandbog 1977, Udgivet af Folketingets Praesidium, Copenhagen, J.H. Schultz, 1977.
- "Fresh Complications regarding EEC fishing arrangement", Agence Europe (Brussels), No. 2137, January 21, 1977, p. 6.
- A Future for British Textiles, British Textile Confederation, London, 1977.
- Gade, Sven Ove, Nordisk Union?, Udenrigspolitiske Skrifter, Serie 8, No. 2, 1968, Copenhagen, Det danske Forlag, 1968.
- Galtung, Johan, The European Community: A Superpower in the Making, Oslo, Universitetsforlaget, 1973.
- Gesamttextil zum Welttextilabkommen: Verlängen, verbessern und konsequent anwenden, Gesamttextilverband der Textilindustrie in der Bundesrepublik Deutschland Press Release, Frankfurt/Main, November 16, 1976.
- "Government will resist shipyard output cuts", Financial Times (London), March 2, 1978, p. 11.
- Gulmann, Claus, "Frygten for udlaendinges køb af dansk jord har vist sig ubegrundet", europa, No. 8, October 1977, pp. 20-21.
- Haagerup, Niels Jørgen, A Brief Introduction to Danish Foreign Policy and Defence, Forsvarets Oplysnings- og Velfaerdstjeneste, Copenhagen, 1975.
- Haekkerup, Per, Danmarks Udenrigspolitik, Copenhagen, Fremad, 1965.
- Handelsbankens Konjunkturrapport Oktober 1977, Handelsbanken, Copenhagen, October 17, 1977.
- Hansen, H. Thustrup, "Danmarks internationale konkurrenceevne", Økonomisk Perspektiv, No. 5, Privatbanken, April 1978, pp. 6-9.

- Hansen, Hans Ejvind, Landbrugspolitikken i de europaeiske faellesskaber Copenhagen, Universitetsforlaget, 1972.
- Hansen, Hans Jørn, "K.B.Andersen: Danmark villig til at forpligte sig til forudgaaende udenrigspolitiske EF-konsultationer", europa, No. 10, December 1976, pp. 7-8.
- Hansen, K. Storm, "Valuta-uroligheder", Udenrigsøkonomisk orientering, No. 22, Privatbanken, Copenhagen, June 1976, pp. 5-29.
- Hansen, Peter, "Denmark and European Integration", Cooperation and Conflict, No. 1 (1969): 13-46.
- Hansen, Peter, "Adaptive Behavior of Small States: The Case of Denmark and the European Community", Sage International Yearbook of Foreign Policy Studies Vol. 11, Patrick J. McGowan (Ed.), (1973): 143-174.
- Hansen, Peter, "Die Formulierung der dänischen Europapolitik", Oesterreichische Zeitschrift für Aussenpolitik Vol. 13, No. 1 (1973): 3-31.
- Hansen, Peter; Small, Melvin; and Siune, Karen, "The Structure of the Debate in the Danish EC Campaign: A Study of an Opinion-Policy Relationship", Journal of Common Market Studies Vol. XV, No. 2 (1976): 93-129.
- Hansen, Peter and Petersen, Nikolaj, "Motivational Bases of Foreign Policy Attitudes and Behavior", International Studies Quarterly Vol. 22, No. 1 (1978): 49-77.
- Hansen, Svend Aage, Økonomisk vækst i Danmark 1914-1970, Bind II, Copenhagen, Akademisk Forlag, 1974.
- Haworth, David, "All in the same lifeboat", Observer (London), November 6, 1977, p. 15.
- Henriksen, Grethe, Danmarks Landbrug Copenhagen, Gyldendal, 1975.
- Henriksen, Ole Bus and Ølgaard, Anders, Danmarks Udenrigshandel 1874-1958 Copenhagen, G.E.C. Gads Forlag, 1960.
- Hill, Peter, "EEC proposals to ease crisis in shipbuilding ready soon", Times (London), October 17, 1977.
- Holohan, Renagh, "Danes want EEC to ban state aids for ailing industries", Irish Times (Dublin), April 12, 1978, p. 7.
- Holst, Johan Jørgen, "Five Roads to Nordic Security", Cooperation and Conflict, No. 3/4 (1972): 1-5.

Hunt, John, "Silkin applauded for tough stance in fishing talks", Financial Times (London), June 23, 1978, p. 10.

Hvad er EFTA?, Dansk Informationskomité for markedsspørgsmaal, Copenhagen, 1968.

Hvad mener Danmark om EF's landbrugspolitik?, Ministry of Agriculture, Copenhagen, 1977.

"In its Memorandum to the Council, the German government reaffirms its attachment to the market economy and its hostility to any protectionist inclination", Agence Europe (Brussels), No. 2442, May 4, 1978, p. 6.

Industriraadets Aarsberetninger 1972-1978, Industriraadet, Copenhagen, Annual Reports 1972-1978.

Industriraadets rundspørge til medlemsvirksomhederne om EF, Industriraadet, Copenhagen, 1972.

"Interim compromise for herring fishing", Agence Europe (Brussels), No. 2219, May 18, 1977, p. 5.

Jantzen, Torben, "Trods 'devalueringen' giver slagen en vis valuta-stabilitet", Udenrigsministeriets Tidsskrift for Udenrigsøkonomi, November 1977, pp. 41-42.

Johansen, Hans Christian, Udenrigshandel og Betalingsbalance Copenhagen, Nyt Nordisk Forlag Arnold Busck, 1975.

Jones, Colin, "Nationalised industries: the limits to action", Financial Times (London), March 14, 1978, p. 16.

Jonquieres, Guy de, "EEC budgetary financing agreement", Financial Times (London), May 17, 1977, p. 5.

Jørgensen, Stig (Ed.), Danmark og EF Copenhagen, Gyldendal, 1972.

Karpfen, Bernd, "Vesttyske statspenge til søfart", Børsen (Copenhagen), December 14, 1977, p. 16.

Det konservative Folkeparti op til folkeafstemningen, Det konservative Folkeparti, Copenhagen, April 22, 1972.

Krag, Jens Otto, "Danmark og EF" in Modig, Jan-Erik and Nielson, Poul (Eds.), Socialdemokrater fra 6 lande om EF, Copenhagen, Samlerens Forlag, 1972, pp. 16-21.

Krag, Jens Otto, "Vigtigste opgave for Danmark i formandsstolen at standse statssubsidier til de invaliderede industrier", europa, No. 1, January 1978, pp. 20-21.

Landbruget i Danmark, Landbrugsraadet, Copenhagen, 1977.

"Landbrugsrapport fra EF som oplæg til prisforhandling", Jyllands-Posten (Aarhus), January 24, 1977, p. 15.

"Landsorganisationens bemaerkninger til Tindemans rapport om Den europæiske Union", Landsorganisationen i Danmark, Copenhagen, 1976. (Mimeographed).

Landøkonomisk Oversigt 1975-1977, De samvirkende danske Landboforeninger, Copenhagen, Annual Reports 1975-1977.

Lauring, Palle, Punktum for Danmarkshistorien?
EF-biblioteket 8, Copenhagen, Forlaget Aktuelle Bøger, 1972.

"Lavpunkt i EF. Britisk formandskab en skuffelse", Politiken (Copenhagen), July 1, 1977, p. 4.

En liberal Europapolitik, Venstre, Danmarks liberale parti, Copenhagen, October 1975.

Lindberg, Leon N., The Political Dynamics of European Economic Integration
Stanford, California, Stanford University Press, 1963.

Lindberg, Leon N. and Scheingold, Stuart A., Europe's Would-Be Polity
Englewood Cliffs, N.J., Prentice-Hall Inc., 1970.

Lloyd's Register of Shipping. Annual Report 1976 and 1977, Lloyd's Register of Shipping, London, 1976-1977.

"Long trawl", Economist (London), October 29, 1977, p. 48.

Lorsignol, Olivier, "Growing Shadow of the Public Sector", Vision, February 1978, pp. 17-22.

Lov om Danmarks tiltraedelse af De europæiske Fællesskaber, Lov nr. 447 af den 11. oktober 1972, Lovtidende A 1972 - NR XLIII, Copenhagen, J.H. Schultz, 1972.

Lutz, Christian, "Den amerikanske dollarpolitik tvinger Europa til at føre en forkert økonomisk politik", europa, No. 6, June 1978, pp. 5-6.

Mahnke, Hans-Jürgen, "Mange traade at udrede i EF's import af tekstiler", Børsen (Copenhagen), October 14, 1977, p. 20.

Malzer, Max, "Britiske krav drev Danmark til veto mod EF's fiskeri", Børsen (Copenhagen), February 10, 1977, p. 8.

Malzer, Max, "Danmark støtter forlaengelse af tekstil-aftale med udviklingslandene", Børsen (Copenhagen), March 17, 1977, p. 7.

Malzer, Max, "Grønt lys for nedskrivning af dansk EF-valuta", Børsen (Copenhagen), September 14, 1977, p. 6.

Malzer, Max, "Dansk syn faar EF-støtte: statsbistand maa stoppes", Børsen (Copenhagen), June 8, 1978, p. 10.

"The Man who likes barking", Observer (London), April 30, 1978, p. 5.

Markedsperspektiver og Strukturproblemer, Det Økonomiske Raad, Statens Trykningskontor, Copenhagen, 1971.

"Memorandum fra den danske regering om det monetaere udligningssystem i landbrugssektoren". Skrivelse fra herr ambassadør N.E.N. Ersbøll til herr generalsekretær N. Hommel, Raadet 1126/77 af den 12. maj 1977 (AGRI 313).

Merrill, James Arthur, "The Effect of the European Economic Community on Trade with Denmark". Unpublished Ph.D. dissertation, Columbia University, New York, 1976. On microfilm at University Microfilms, Ann Arbor, Michigan.

MFA Negotiations. There can be no backsliding now, British Textile Confederation Press Release, London, October 14, 1977.

Miljan, Toivo, The Reluctant Europeans. The Attitudes of the Nordic Countries towards European Integration, Montreal, McGill-Queen's University Press, 1977.

Møller, J. Ørstrøm, Industripolitik i Europa Copenhagen, Gyldendal, 1973.

Møller, Poul (Ed.), De Politiske Partier Albertslund, Det danske Forlag, 1974.

Monthly External Trade Bulletin. Special Number 1958-1977, Statistical Office of the European Communities, Luxembourg, 1978.

"Mr. Andersen announces to Parliament that Danish Presidency will give top priority to fight against unemployment", Agence Europe (Brussels), No. 2369, January 19, 1978, p. 4.

"Mr. Silkin's insistence on big fish quota provokes EEC anger", Times (London), June 21, 1978, p. 5.

Murray, J.W., "Beef farmers fight to stop calf exports", Observer (London), September 11, 1977, p. 8.

"Nej til valuta-slinger i dansk økonomi. Ville genere positiv udvikling", Børsen (Copenhagen), February 14, 1978, pp. 1-4.

A New Policy for European Fisheries, European Communities Commission Background Report, London, October 5, 1976.

"A new state albatross?", Economist (London), July 2, 1977, p. 88.

New Textile Agreements. Four-Year Regime for 33 Suppliers to the EEC, European Communities Commission Background Report, London, April 27, 1978.

Nielsen, Hans Jørgen, "The Uncivic Culture: Attitudes towards the Political System in Denmark and Vote for the Progress Party 1973-1975", Scandinavian Political Studies Vol. 11 (1976): 147-155.

Nielsen, Hans Jørgen, "Attitudes towards the EC in Denmark 1971-1975". Paper prepared for the workshop on Mass/Elite Attitudes towards Europe, European Consortium for Political Research, London, April 7-12, 1975. (Mimeographed).

Nielsen, Søren, "Hidsig dansk-engelsk EF-debat", Politiken (Copenhagen), February 10, 1977, p. 2.

Nielsen, Thomas, "Danish trade unions face European challenge", Danish Journal, Special Issue regarding Denmark's Presidency of the European Communities, January-June 1978, pp. 12-13.

Nielsson, Gunnar Preben, "Denmark and European Integration: A Small Country at the Crossroads". Unpublished Ph.D. dissertation, University of California, Los Angeles, 1966. On microfilm at University Microfilms, Ann Arbor, Michigan.

Nielsson, Gunnar Preben, "The Nordic and the Continental European Dimensions in Scandinavian Integration: NORDEK as a Case Study", Cooperation and Conflict Vol. 6 (1971): 173-181.

"Nye britiske krav truer den danske eksport af svineköd", Jyllands-Posten (Aarhus), September 2, 1977, p. 15.

"Økonomisk Sekretariat tilbageviser valutaslagens snarlige død", Det Økonomiske Sekretariat, Copenhagen, October 18, 1977. (Mimeographed).

Ørvik, Nils (Ed.), Norway's No to Europe, International Studies Occasional Paper No. 5. International Studies Association, University of Pittsburgh, Pittsburgh, Pennsylvania, 1975.

Ørvik, Nils, "Integration - For Whom, Against Whom?", Cooperation and Conflict, No. 2 (1967): 54-59.

Palmer, John, "British way of winning ship orders worries EEC", Guardian (Manchester), February 9, 1978, p. 6.

Parkinson, C. Northcote, "The Role of the Provinces in Europe of the Future". Opening Address at 'The Importance of Small Communities', a conference on regionalism and decentralization, held at Elsinore, Denmark on August 1-6, 1976. (Mimeographed).

Pedersen, Ole Karup, Udenrigsminister P. Munchs opfattelse af Danmarks stilling i international politik, Copenhagen, G.E.C. Gads Forlag, 1970.

Perspektivplan II. Redegørelse. 1972-1987, Copenhagen, Statens Trykningskontor, 1973.

Petersen, Nikolaj, "Danish Security Policy in the Seventies: Continuity or Change?", Cooperation and Conflict, No. 3/4 (1972): 139-169.

Petersen, Nikolaj and Elklit, Jørgen, "Denmark enters the European Communities", Scandinavian Political Studies Vol. 8 (1973): 198-213.

Petersen, Nikolaj, Folket og udenrigspolitikken, Copenhagen, Gyldendal, 1975.

Petersen, Nikolaj, "Europeanism and its Foreign Policy Attitude Correlates: A Political Belief System?", Cooperation and Conflict, No. 3 (1975): 143-166.

Petersen, Nikolaj, "Attitudes Towards European Integration and the Danish Common Market Referendum", Institute of Political Science, University of Aarhus, Aarhus, 1975. (Mimeographed).

Pentland, Charles, International Theory and European Integration, London, Faber and Faber Ltd., 1973.

Det radikale Venstres arbejdsprogram af 1973 om udenrigspolitik, Det radikale Venstre, Copenhagen, 1973.

Rastén, Adolph, Faellesmarkedet - et politisk magtspil, EF-biblioteket nr. 2, Copenhagen, Forlaget Aktuelle Bøger, 1971.

Redegørelse for resultatet af forhandlingerne om Danmarks medlemskab af De europæiske Fællesskaber, Markedssekretariatet, Ministry of Foreign Affairs, Copenhagen, 1971.

Reeves, Robin, "June Talks planned to settle new policy", Financial Times (London), May 18, 1977.

Reeves, Robin, "Cautious U.K. welcome for EEC pig package", Financial Times (London), June 9, 1977, p. 1.

Reeves, Robin, "U.K. offers to abandon call for 50-mile limit", Financial Times (London), June 28, 1977, p. 4.

Rolfe, Edmund Neville, Agriculture in the European Economic Community
Economist Intelligence Unit, Report No. 49, London, January 1978.

Russell, Robert W., "Snakes and Sheiks: Managing Europe's Money", Wallace, Helen; Wallace, William; and Webb, Carole (Eds.), Policy-Making in the European Communities, London, John Wiley and Sons, Ltd., 1977, pp. 69-89.

Saeter, Martin, "The Nordic Area and European Integration: The Nordic Countries in the Area of Overlap between Great-Power Interests and Regional European Projects for Cooperation", Cooperation and Conflict, No. 1/2 (1975): 77-89.

Scavenius, Erik, Forhandlingspolitikken under Besaettelsen
Copenhagen, Steen Hasselbalchs Forlag, 1948.

"Schmidt says EEC is 'Financing U.S.'", Herald Tribune (Paris), December 6, 1977.

Schou, Tove Lise, "Economic and Ideological Elements in the Position Towards EEC Membership. A Comparative Analysis of the Debate among Political Parties in Denmark and Norway". Paper prepared for the Workshop Mass/Elite Attitudes towards Europe, European Consortium for Political Research, London, April 7-13, 1975. (Mimeographed).

Seidenfaden, Erik, Vejene til Europa. Status og perspektiver efter 25 aars samlingsbestraebelser, Danmarks Radios Grundbøger, Copenhagen, Fremad, 1970.

Shipbuilding. Communication from the Commission to the Council on COM(76) 224 final, Commission of the European Communities, Brussels, May 26, 1976.

"Shipbuilding. Orders at any price?", Economist (London), August 20, 1977, pp. 82-87.

"Shipbuilding. Pole-Axed", Economist (London), October 8, 1977, pp. 124-125.

Shipbuilding. Reorganization Programme, Bulletin of the European Communities, Supplement 7/77, Brussels, 1978.

"Shipbuilding. Upped by the Poles", Economist (London), November 26, 1977, pp. 115-116.

Siune, Karen and Sørensen, Carsten Lehmann, "Is the Theory of European Integration Dead or Alive? The Case of Danish Political Parties". Paper prepared for discussion at the European Consortium for Political Research, Session in Louvain, April 1976. (Mimeographed).

"60,000 shipyard jobs may go in Community", Times (London), October 28, 1977, p. 19.

Sjøqvist, Viggo, Peter Munch
Copenhagen, Gyldendal, 1976.

Skal Danmark ind i Fællesmarkedet?, Dansk Smede- og Maskinarbejderforbund, Copenhagen, 1972.

Skibsfartsberetning 1976/77, Danish Shipowners' Association, Copenhagen, 1977.

Skibsværftsforeningens Aarsoversigt 1977, Association of Danish Shipbuilders, Copenhagen, 1977.

Søes, Hans Jørgen, "Dansk raseri over den britiske ledelse af EF: De vil bare rage til sig", Aktuelt (Copenhagen), March 31, 1977, p. 16.

Sørensen, Carsten Lehmann, "Stort flertal i Folketinget for vidtgående europæisk integration", europa, No. 6, June 1976, pp. 10-12.

Sørensen, Carsten Lehmann, "EF-folkeafstemningerne i Norge og Danmark var med til at skabe det politiske opbrud", europa, No. 9, November 1976, pp. 12-13.

Sørensen, Carsten Lehmann, "Danish Elite Attitudes Towards European Integration", Cooperation and Conflict, No. 4 (1976): 259-278.

"State aids. One almost down, four to go", Economist (London), March 4, 1978, p. 58.

Statistik 1977, Eksport-Svineslagteriernes Brancheudvalg, Copenhagen, 1978.

Statistiske Aarbøger 1968-1977, Danmarks Statistik, Copenhagen, 1968-1977.

Statistiske Efterretninger, Danmarks Statistik, Copenhagen, 1974-1978.

Taylor, Richard Norton, "EEC help likely for pig farmers", Guardian (Manchester), May 25, 1977, p. 28.

"Textile Wages: Britain undercuts all in Europe", Vision, February 1978, p. 56.

"Textiles and clothing: through the wringer", Economist (London), December 31, 1977, pp. 87-92.

Textiles Committee - Negotiations for the Renewal of the MFA, Delegation of the Commission of the European Communities, Information à la Presse du Bureau de Genève, July 5, 1977.

"Textiles. Too many rags, not enough riches", Economist (London), October 15, 1977, p. 63.

Textilgrossistforeningen Press Release, Textilgrossistforeningen, Copenhagen, September 7, 1977.

Toldlov. Lov nr. 519 af 13. december 1972 med senere ændringer, Copenhagen, J.H. Schultz, February 1978.

Traktat vedrørende kongeriget Danmarks, Irlands, kongeriget Norges og Det forenede kongerige Storbritannien og Nordirlands tiltraedelse af Det europæiske økonomiske Fællesskab og af Det europæiske Atomenergifællesskab, Bilag 1 til Lov om Danmarks tiltraedelse af De europæiske Fællesskaber, Lov Nr. 447 af den 11. oktober 1972, Lovtidende A 1972 - NR XLIII, Copenhagen, J.H. Schultz, 1972.

Treaties establishing the European Communities. Treaties amending these Treaties. Documents concerning the Accession, Office for Official Publications of the European Communities, Luxembourg, 1973.

Trevelyan, Humphrey, "Towards a British Role in Foreign Affairs", International Affairs Vol. 54, No. 2 (1978): 203-219.

Tsoukalis, Loukas, The Politics and Economics of European Monetary Integration, London, George Allen & Unwin Ltd., 1977.

Tsoukalis, Loukas, "Is the Re-Launching of Economic and Monetary Union a Feasible Proposal?", Journal of Common Market Studies Vol. XV, No. 4 (June 1977): 231-247.

Udenrigs-, sikkerheds- og forsvarspolitik, Vedtaget paa Det konservative Folkepartis landsraads møde, November 1976.

Ueland, Grete Kvaerner, "The Nordek Debate: An analysis of the attitudes of Nordic Elites toward the Relationship between Nordek and the EC", Cooperation and Conflict, No. 1/2 (1975): 1-19.

"UK to introduce fish conservation measures after EEC talks fail", Times (London), June 23, 1978, pp. 7 and 15.

Underdal, Arild, "Diverging Roads to Europe", Cooperation and Conflict, No. 1/2 (1975): 63-76.

"Vaerftsindustrien og Fællesmarkedet". Speech by Mr. Kai Engell-Jensen, Director of The Association of Danish Shipbuilders, held at Nakskov Shipyards on January 11, 1972. (Mimeographed).

Valen, Henry; Elklit, Jørgen; and Tonsgaard, Ole, "Economic Conflicts and Orientations towards Europe in Denmark and Norway". Paper prepared for the Workshop on Mass/Elite Attitudes towards Europe, European Consortium for Political Research, London, April 7-12, 1975. (Mimeographed).

"Vedrørende fornyelsen af multifiberaftalen under GATT". Brev til medlemmerne af Folketingets markedsudvalg fra Textilfabrikantforeningen, dateret København den 16. maj 1977.

"Det vesttyske marked", Dansk Industri, No. 2, 1978, p. 16.

9 Volle, Angelika and Wallace, William, "How Common a Fisheries Policy?",
World Today Vol. 33, No. 2, February 1977, pp. 62-72.

Wallace, William, "After Berrill: Whitehall and the Management of British
Diplomacy", International Affairs Vol. 54, No. 2 (1978): 220-239.

"We'll go it alone on limit of 200 miles, says Silkin", Guardian
(Manchester), January 21, 1977, p. 22.

Willis, F. Roy (Ed.), European Integration
New York, New Viewpoints, 1975.

Worre, Torben, Det politiske system i Danmark
Copenhagen, Akademisk Forlag, 1977.

Würtz, Ole, "Havde de Gaulle mon ret? Vurdering af dette halvaars britiske
EF-formandskab", europa No. 6, June 1977, p. 17.

Zur Lage des Deutschen Schiffbaus Ende 1977, Verband der Deutscher
Schiffbauindustrie Press Release, Hamburg, December 6, 1977.

END

1 6 1 2 8 1 1

FIN