



EU ENLARGEMENT TO AUSTRIA, FINLAND, AND SWEDEN

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Abstract

The end of the Cold War meant several dramatic changes in the European integration process. The first obvious consequence was the German reunification and the acceleration of the integration in order to avoid a dominant Germany inside Europe. The enlargement to neutral countries during the confrontation between West and East was just possible because of the end of the conflict. It meant the incorporation to the European Union of three countries strongly united to Western Europe with strong and functional market economies and healthy democratic systems with a long tradition. These three countries contributed to change the EU from a community focused on one specific regional area to a wider union aspiring to entitle the whole continent. The following enlargement to Central and East Europe can be understood as the next logical step after the incorporation of Austria, Finland, and Sweden.

Keywords: *EU enlargement, EU integration, Austria and the EU, Finland and the EU, Sweden and the EU, European Economic Space.*

1 INTRODUCTION

The end of the Cold War was a very important historical fact for the European Communities because it changed the internal situation of Europe and the international status quo established after the IIWW.

During the American-Soviet confrontation, the European Communities were seen by the USSR as a weapon of capitalism (USA) to fight against the workers of Europe, and hence an enemy of the Soviet Union, the self-proclaimed protector of the workers of the world. As the European integration started working primarily in the field of economy and the development of a common market in the

coal and steel, and afterward in other products, it was clearly a capitalist organization, opposite to communism. The doctrine Birkelbach and the emphasis on democracy were seen as another clash between the Communities and the Soviet Union, democracy against the dictatorship of the people and its representative the communist party. On the other hand, the leading role of USA in the creation of the first community, the ECSC, and the later support of the Americans to further integration in order to have a strong Europe able to face the Soviet threat, made the relations between both areas even more difficult. Some of the most important leaders of West Europe, as de Gaulle or Willy Brandt, had relations with the Soviet Block, as they tried to build a third way in the dual confrontation of the Cold War, but it did not have any influence on the relation between the European Communities and the Soviet Union. So, these two blocks had bad generic relations and

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belonged to two different worlds, two different sides in the context of the Cold War (Beloff, 1970)

Nevertheless, the European Communities were not the only attempt in the field of European integration, because the Soviets launched another community based on principles link with the communist doctrine, the COMECON. It was a Soviet-dominated community created in 1949 as an answer to the plan Marshal and the beginning of the European cooperation in the West in the economic field. (Chochia, 2012) This organization was led by the Soviet Union but officially the decision making was based on consensus; in practice was based on the will of Stalin, leader of the Soviet Union. In any case, the organization included the Eastern bloc, plus other partners in the world, and was based on the cooperation of different national policies of the member states. The decisions were taken in collegially and afterward, the states had to implement them by their own means and interpretations in their countries, without any power for the common institutions.

The situation of some countries of Europe in relation with both blocks was complicated because they belonged to the western world from the economic and cultural point of view, but their political status after the Second World War was of neutrality. Hence, these states could not join any association link with the blocs involved in the confrontation. The European Communities as a part of the capitalistic world supported by the USA, or the COMECON under the influence of Soviet Union were vetoed as international options (Majone, 2009). This was the case of Sweden, Finland, Austria, Switzerland, and Lichtenstein. Another significant European association at that time was the European Free Trade Association, promoted by the UK as an alternative to the integration model ruling the European Communities. As the EFTA was just a common area for trade based on industrial production, without any political cooperation or integration in any field, it was seen as a neutral association from the prism of the Cold War, and hence these neutral countries joined it without breaking the equilibrium established after the IWW (Brinkley, 1991)

The neutrality of these countries was deriving from their historical development, at the end of the

Second World War, Finland signed an agreement with the Soviet Union where it was included the neutral role of the country in the relations between East and West. Austria was occupied by Soviet and American troops, and they withdrew with the condition of neutrality of the country. Sweden was a neutral country even before the war and the beginning of the conflict between communism and capitalism and wanted to keep this status in the context of the Cold War (Troitino, 2008).

2 AUSTRIA

The country was occupied by USA and Soviet forces at the end of the war, and hence was a conflictive area in the context of the confrontation between the USA and the Soviet Union. Both powers decided to give full independence to the country with the condition of having a neutral status. The agreement was signed because of the geographical position between East and West because it was a part of the German nation, already divided in two blocs, or areas of influence, plus the interest of the USA of stabilization of the area before moving the war effort to the Pacific (Birkenmeier, 2003). The situation was formally adopted in 1955 with the Moscow memorandum where the neutral condition of Austria was expressed. As a neutral country, Austria could not join the European Communities but was a member of the EFTA. As the economic relations between Austria and West Germany were very important for the country, the EC and Austria signed a special agreement based only on trade in 1972. It paved the entry of Austria in the Communities as most of the communitarian legislation on trade was already incorporated into the national legislation.

After the end of the Cold War, the country showed interest joining the European Communities, as the confrontation was finished and its status of neutrality was no longer important in the case of the European integration. The main problems of Austria joining the European Communities were based on environment and the traffic of trucks, because the Austrian legislation was more restrictive than the communitarian in this field, and the conditions for the circulation of heavy trucks were very deterring in order to protect the environment. Nevertheless, it was an important obstacle to the Common Market, because most of

the transportation at that time was done by trucks, and it could have a strong influence on the free movement of goods. Another important problem was the transition periods for Austrian farmers and Austrian agricultural markets to adapt to the level of prices of the Common Agricultural Policy. Here the problem was basically that Austria has its own policy protecting its farmers, and joining the Communities meant joining the CAP as well. As the prices in that Austrian market were higher than those in the European market, the Austrian farmers were going to lose money with the integration of the country in the Community. As the candidates have to accept the whole European Communities and its policies when they join, here the main problem was the transitional period of joining fully all the European Communities and policies; trying the Austrians to make it longer to soften the economic damage to the Austrian farmers.

Another problem was the prohibition of Austrian authorities to foreigners for buying real estate properties in Austrian soil. There were many restrictions in that sense, but it was clearly against the principle of no discrimination because of the nationality of the European integration (Kerikmäe, 2014) and had to be abolished.

The referendums in the candidate countries started with Austria, where 66.6% of the population supported the accession of the country to the European Communities. Besides the problems already mentioned before, the accession of Austria was very smooth and no big problems or conflicts occurred. The main European consequence of Austria inside of the European Communities and the European Union is its strong link with Germany and their common position in most of the issues. It means that Germany, already the strongest country inside the Union, almost always has the unconditional support of Austria in its positions (Martín de la Guardia, 2005). As an example, Austria is one of the few member states without the sea, but as it is a full member of the European Union, it has a full presence in all the policies of the Union, as the Common Fishing Policy. As this policy also includes fishing in rivers and other variants, the country has some interest in this field, but the main thing of the policy is a link with fishing in the seas. (Braghiroli, 2015) Austria almost always supports

the German position in that sense, even when Austria has no interest at all in this matter and could just support other positions. So, the relation between Austria and Germany, obviously very close because of cultural reasons, is also very important inside the Community because it provides Germany, already a powerful state inside the Union, an extra power.

3 FINLAND

The confrontation between Finland and the Soviet Union was even before the IIWW, with the Finn-Soviet war. The Scandinavian country could resist the attacks from the Soviets, but the armistice meant important territorial loses for Finland. During the IIWW the Finish became allies of Germany and collaborated with them actively in the war against the Soviet Union. Nevertheless, during the last period of the conflict when the German position was weakened, the Soviet forces were hasting to reach central Europe before the Allies in order to secure their influence over the area. Hence the Soviet Union and Finland signed a peace agreement because otherwise, the Soviet Union had to diverse too many troops to this part of Europe (Pando, 2017). As Germany was collapsing on two fronts and it was obvious that the war was lost, the Germans and its allies surrendered much more easily to the forces led by USA, and resisted heavily to the advance of the Soviet troops, making more difficult the Soviet advance and more necessarily for the Soviet army to concentrate its troops (Vernygora, 2016). There were some ideas in Germany at this time about the relations of Europe and the Soviet Union link with a clash of civilizations. Rommel, a well-known German officer, thought of resisting the Soviets and the collaboration with the Western troops in the inevitable conflict between West and East that was going to follow the IIWW. (Gates, 1981)

Nevertheless, in 1948 a treaty was signed between the Soviet Union and Finland, which included bilateral friendship, cooperation and mutual assistance stressing the neutral status of Finland (Northedge, 1986). It also meant special economic relations between this country and the Soviet Union and afterward economic relations between Finland and Russia. Meanwhile, Finland had a cold relationship with the European Communities and became an associate member

of the EFTA in 1961. After the end of the Cold War, Finland started the negotiations with the European Communities and became a full member after a referendum where 53% of the population supported the enlargement. (Dutton, 1981) As in the case of Sweden, the main division in the country related to European issues was, and in some sense still is, between the rural areas and the cities.

4 SWEDEN

The country was neutral during the IWW, even though it had strong economic links with Germany and other contenders. After the war, the country opted for keeping this status to protect themselves in case of a confrontation between the Soviet Union and the USA, even when the model of the country was much closer to the West than to the Communist thesis. The country was heavily industrialized and depended on international trade and free access to foreign markets. The EFTA, as a non-political association based on trade, was a good option for the country, and hence it was in Stockholm where the Treaty founding the EFTA was signed. During the 60s the economy of Sweden was performing well when in the European Communities the situation was not so virtuous, and hence there were no reasons for joining the organization and at the same time risk the neutral status of the country. Nevertheless, the situation changed in the 70s when the country had an economic crisis and the opinion towards Europe changed in the country. Also, the personality and policies of the then Prime Minister of Sweden, Olof Palme, a supporter of the integration of the country, helped to change the perception of the Communities inside Sweden. (Dinan, 2004) During the 90s, after the creation of the Single Market with the SEA, the European countries inside the Communities were performing well in the economic field, and at the same time, the Swedish economy was suffering. This situation and the end of the Cold War meant the application of the country to the European Communities membership (Mearsheimer, 1990).

There was a referendum in the country and 52.3% of the Swedish voters supported the accession of the country. The campaign preceding the referendum showed a clear division between the rural and areas and the cities, between the South

and the North of the country. It was a similar situation as in Norway. Nevertheless, the country was not fully convinced of the benefits of the integration and has been a complicated partner in the European building process afterward, having a cautious position always when deeper integration is discussed. The first elections for the European Parliament in Sweden meant that almost half of the Swedish seats went to anti-European parties. The reasons said at that time were basically economic, because the economic situation of the country did not improve after its accession to the European Communities.

5 COMMON PROBLEMS WITH THE ENLARGEMENT

The main problems of Austria, Sweden, and Finland joining the communities were:

- Neutrality: All of them had this status before they joined the European organization, and kept it after the accession. The problem comes currently from the attempts of developing an effective Common Defense policy inside the Union, as these countries are still neutral and are not willing to get involved in an active foreign and defense policies. Also, the so much discussed European army cannot be developed inside the European framework because some of these countries are against it because it would break their neutral status (Kant, 1795) unless it is under the reinforced cooperation system.

- Environment: All these countries had higher standards of environmental protection than the systems developed inside the Union. When they joined the EU there were different options, as downgrading the environmental protection in these countries forcing them to adopt the European standards, or upgrading the European protection to one of these countries. As the first option was not popular among the citizens of these countries and could harm the environment, and the second option was very expensive for most of the member states of the Union, a third was adopted. The EU allowed members to have a more progressive legislation than the EU in the field of environment. Hence, the European legislation in the field became the minimum standard to follow by the member states. The environment became an exception for the free

movement of goods and an obstacle to the Single Market accepted by the Union.

- Health Care: Here the situation is similar than the environmental issues. The health protection in these countries was higher than in the Communities and the European legislation became the minimum standard, and healthcare an exception to the free movement in the Single Market. Here is important to point out the importance of the healthcare from an economic point of view as an aspect with great importance in the competitiveness of the companies. (Polese, 2015)

- Public monopolies: These monopolies are against the EU rules because they are an obstacle for the free movement of goods, and the candidates had to finish with this system in order to adapt their countries to the European legislation. But some exceptions were accepted, as in Sweden and Finland with the alcohol monopoly. As these countries have some problems with drinking and its consequences over their population, there are some controls of the state over the alcoholic drinks, but it is not an obstacle to the free movement of goods because these monopolies sell what people want, without discriminating any brand or alcoholic drink. Because of this system based on the preferences of the consumers and reasons linked with health care, these countries were allowed to keep their state monopolies (Radaelli, 2017).

- Trade with third countries: The trade agreements signed by these countries with other partners in the world had to be readapted to the European situation, as no bilateral agreements are allowed in the common area because it might have a negative effect on trade for the whole area even if they benefit just one part of it. So the EU had to renegotiate these agreements making similar agreements between the EU and the third countries or finishing them. In this case, according to the WTO, the EU had to pay economical reparation to the third countries (Stirk, 1996).

- Agriculture: It was a big problem in the negotiations, because the three candidates had a higher level of prices in their respective agricultural markets than the European level, with some exceptions in the case of Sweden. Anyway, the enlargement could mean economic problems for

the farmers of the candidates. The solution was paying economical compensations to the farmers (Troitino, 2013).

- Economic aid to less developed areas: this was a problem especially in the less populated areas of Sweden and Finland in the north of both states. As the states were, compared with the average of the member states, rich, they had a problem receiving the Structural funds of the Union for developing these areas, and hence the European Communities included this target, less populated areas, in the Development Funds of the Union.

- Fishing. This problem did not include Austria, because of obvious geographical reasons, but it included Sweden and Finland. The problem again, as we have seen often with the fishing, was opening the national waters to the European fleet. The problem was solved with a calendar specifying a gradual access to their waters by the European fleet.

6 THE CASE OF NORWAY

Norway had already applied to the European Communities at the time of the British enlargement in 1973 (Chochia, 2015), but an internal referendum rejected the application. At the end of the Cold War, and following the example of Sweden and Finland, the Labor of Norway, by a small majority of delegates, voted for applying again for the membership of the European Communities, and in the following two years there was a hard debate about the benefits and loses of the membership of the country, anyway, again, in 1994, after the negotiations between the Europeans and Norway were already finished, in a new referendum 52.2% of the population voted against it. The reasons for the rejection were similar to the previous referendum, basically South against North, urban areas against rural areas, center versus periphery, or secularism against religious.

As the country had strong economic links with the members of the EFTA, a new association was created to keep these relations between the still members of the EFTA and the European Union, where important partners of Norway were now members, as Sweden or Finland. The new entity was called the European Economic Area, and its members were Norway, Iceland, and Lichtenstein

plus the European Union (Troitino, 2014). The EEA meant the creation of a single market between its members, the suppression of all barriers to trade with the exception of agricultural production, custom union, common trade policy, common foreign and security policy, justice and home affairs (even these countries are part of the Schengen area) and monetary union (Polese, 2016). The situation is a bit chaotic in the sense that Norway is a part of the single market, and hence contributes to the budget of the European Union, and its representatives are in the European institutions when issues link with the single market are discussed. But as it is not a member of the Union, when the decision making starts, the delegates of Norway withdrawn from the negotiations as they cannot vote. So the country is forced to accept the decisions of the Europeans without influencing the voting process with its positions. It is like being part of the Union because it is part of the main policies of it, but at the same time being outside as it cannot vote because it is not a member of the organization. This system can last as long as Norway has economic resources, mainly oil, to keep the situation, because it is expensive for the country to accept the European legislation without influencing it. About the contribution of Norway to the EU budget is important to remark that is very important, and in terms of population, is one of the countries of the organization which pays more, around 340 million a year. At the same time, Norway does not get money back from the EU via the communitarian policies as it is not a member of the Union, increasing then the net contribution of the country (Polese, 2017).

An example, we see the European legislation concerning salmon and the different ways to farm this fish, that has a huge impact in Norway, as the main exporter of salmon, but at the same time, the Norwegian government cannot influence this legislation because the country is not a member of the Union.

7 THE CASE OF SWITZERLAND

The country was interested in membership in the European Communities, but in the early stage of the process, there was an internal referendum where the Swiss people rejected the idea. The idea of the government was keeping the links with

its partners of the EFTA plus enjoying the freedoms of the single market. Anyway, the opposition was strong, mainly coming from the farmers and the main banks. Farmers were against the enlargement because the Swiss level of protection for its farmers is higher than the European one, and an accession would have meant a reduction in the incomes of the Swiss farmers. The main banks were concern about the role of Switzerland as a tax haven. Finally, the complicate confederation system made difficult the approval of the referendum because it is based on 26 parliaments and direct democracy in some places. So, any referendum needs to be passed by all the cantons and the majority of the citizens (Mill, 2005).

As the country rejected the possibility to join the European Union, it also rejected the possibility of joining the EEE because it was just based on EU legislation and it did not allow their members to participate in the legislative process unless they were members of the European Union. Also, there was a fear that the EEE could, in reality, mean the creation of a mini supranational organization (Polese, 2016), with the consequent lost in terms of sovereignty for Switzerland. Anyway, the economic relations between Switzerland and the EU are important and they are developed in the frame of bilateral agreements whereby the Swiss adopt EU legislation in order to participate in the Single Market.

8 CONCLUSIONS

The enlargement to Austria, Sweden, and Finland in 1995 was not very problematic because these countries were already members of the EFTA and already had strong economic relations with the Communities. Also, as these countries were relatively rich made things easier. The enlargement meant that the European group took over USA and Japan in terms of Gross Domestic Product, but not in terms of rent per capita. It gave to the Communities a stronger position in the world affairs, especially in the economic and trade international negotiations. Also, these new members were net contributors to the Communitarian budget with the exception of Finland in the first two years after the enlargement, and hence the European Communities had more money to spend on its policies. The ratification of

the enlargement Treaty was made in a way that the countries where the support to the accession was higher voted before, trying to influence the less friendly countries to the European integration to support the Treaty. (Foucher, 2012) So, the

positive support to the enlargement goes down from the popular support in the referendums from Austria, Finland, and Sweden, ending with the rejection of the Treaty in Norway.

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