

NORTHERN EUROPE

6 March 1962

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NOTICE

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Washington, D. C.

His Excellency Paul Koht, Norway's Ambassador to the United States, was born in Baerum, near Oslo, on 7 December 1913. After graduating from the Law School of the University of Oslo in 1937 he entered the diplomatic service of his country. His first tour of duty was in Bucharest during 1938-39. The early years of World War II saw the Ambassador serving in diplomatic assignments in London and Tokyo and from 1942 to 1946 he served in New York City. He was assigned to the Ministry of Foreign Affairs, Oslo, from 1946 to 1950. The period 1950-51 saw him in Paris as a member of the Norwegian Delegation to OEEC and NATO. He returned to Oslo in 1951 where he served until 1954 as head of the Economic Division in the Ministry of Foreign Affairs. During the period 1954-56 he was Charge d'Affaires for his government in Copenhagen. Mr. Koht was appointed Norwegian Ambassador to the United States in March 1958. This is his first lecture at the Industrial College.

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ADMIRAL ROSE: Quite aside from the fact that a great many of us are of Scandinavian origin and descent, I think the people in our country have always had the warmest feelings for the Scandinavian countries. I know that in my own case, the first foreign city I ever went to as a midshipman--which was a long time ago, in 1921, when most of you were born--was Christiania, now Oslo. And by pure chance, the first foreign city my son went to, exactly 30 years later, on the same cruise--30 years later--was Oslo. So I personally have the warmest feeling for that part of the world.

We are very fortunate today in having to tell us about Northern Europe, the Ambassador from Norway to the United States.

His Excellency, Ambassador Paul Koht.

AMBASSADOR KOHT: Thank you very much, Admiral. Gentlemen: The term "Scandinavia" is applied to a closely knit group of nations which share a common culture, though differentiated by the influences of history and geography. Each country has a strongly marked personality which clearly distinguishes it from its neighbor. Farthest south is the insular and peninsula group at the mouth of the Baltic, which is Denmark. Then come Norway and Sweden, two countries sharing the large peninsula to the north. Geographically speaking, Norway and Sweden appear to turn their backs on each other. Norway looks out to the wide expanses of the Atlantic Ocean. It's a long, narrow strip of land, at places only 5 miles wide, and with a coastline of over 2,000 miles, even if the many indentations, or fjords, are disregarded. Norway's seafaring tradition is based on this close association of the whole nation with the sea.

Sweden, on the other hand, is oriented toward the Baltic, but also has a long coastline to the west. For a century and one-half Sweden held the minion over lands on the western and southern shores of the Baltic which, by 1648, had become for all practical purposes a Swedish lake, though Sweden has long since given up its imperial dreams and

has turned toward the fuller development of its national territory. Any appraisal of Sweden's position in the world today must, however, take into account its position as a member of the Baltic community.

Denmark is an offshoot of the great North German Plain and forms a link between continental Europe and the Scandinavian Peninsula, while at the same time acting as a bulwark against the surge of German culture and political influence to the north. It was by the way of Denmark that the new ideas entered the Scandinavian countries from the south, first Christianity, then the Reformation, following in the wake of an incipient Renaissance, and finally the egalitarian ideas of the 18th and early 19th centuries.

A remarkable feature of the Scandinavian country has been its ability to develop within a rather narrow framework in not very comfortable physical condition. Although poor in natural resources and not blessed with an advantageous geographical situation, the Scandinavian countries have made up for these deficiencies in the energy, intelligence, and skill of their people--if I say so myself. In view of the differences in topography and natural resources, it is hardly surprising that there should be considerable divergencies in the economic structures of the Scandinavian countries. One feature, however, is common to all. In order to maintain their standard of living, they must have a large-scale exchange of goods and services with other parts of the world. They carry on considerable trade among themselves, it is true, but their combined resources do not make up for individual shortages. As a group devoid of a large variety of important raw materials, they must pay for these by exporting in great quantities certain indigenous raw materials, such as timber and iron ore, as well as processed industrial and agricultural products and fish.

Each country has, therefore, concentrated on those skills and resources most easily developed in the prevailing geographic and economic conditions. At the risk of oversimplifying the picture, the situation might be described as follows: Denmark has taken full advantage of its one asset, the land; Sweden has based its prosperity on timber, iron ore, and steel; while Norway has staked its fortune at sea. Today, with a merchant fleet of about 12 million tons, Norway has the second largest active fleet in the world. Norwegian ships not only carry the foreign trade of their own country but the greater part of the fleet is permanently in service between foreign ports. Net freight earnings pay for approximately one-third of Norway's total import.

The middle way is the term frequently used to characterize the course steered by the Scandinavian countries, equally removed from

the laissez-faire ideals of the libertarian age and the regimentation of the modern dictatorship. Admittedly this term, in its extreme brevity, oversimplifies the issue, but it cannot be denied that it contains an important element of truth.

The Scandinavian countries are first of all democracies, which in large measure share a common background and ideology. Class differences are small, compared with many other countries, and there is a distinct leaning toward tolerance and compromise. On this basis the Scandinavians have built their new social structure. The main approach to their problems has been through joint effort, whether through central and local governments or through nongovernmental organizations. This emphasis upon cooperation is a vital element of Scandinavian community life and brings out the peculiar combination of individualism and social solidarity so typical of the Scandinavian mentality.

The Scandinavians are realists, and in their social engineering they have never slavishly followed any one general formula. Planning has been carried out on a strictly practical basis, drawing on past experience, but freely adapting it to changed circumstances.

Joint action has given the average Scandinavian greatly improved opportunities for leading a useful and satisfactory life, although it involves certain restraints upon the individual, especially in the economic sphere. It would be wrong to label the Scandinavian countries as socialist in the generally accepted meaning of the word. It would be more correct to say that, like Britain, the Scandinavian countries are based on a socially modified capitalism. The free-enterprise system has been modified by social reform.

Turning now to the field of foreign policy, I should first of all like to stress the amount of collaboration which has taken place over the years between Denmark, Norway, and Sweden, and to a certain extent Finland. The Scandinavian countries have not, however, been able to maintain their common prewar policy of neutrality. Immediately after the end of the Second World War, they attempted to implement this traditional policy within the framework of the United Nations, but, by joining NATO, Denmark and Norway in effect abandoned the neutral position, leaving Sweden to carry it on alone.

Despite these differences, the Scandinavian countries are thoroughly agreed on the ultimate aim--to work for peace in the world in general and in their own area in particular. Since, moreover, each

country has become a member of numerous international bodies, it remains decisively important that they act in concert to promote their common views. To this end, the Foreign Ministers, or their representatives, of Denmark, Finland, Iceland, Norway, and Sweden meet several times each year to formulate foreign policy.

With regard to the position of the Scandinavian countries in international politics, the year 1949 marks a decisive turning point. The increasing tension between the Soviet Union and the Western Powers since 1947 weakened the value of the United Nations as an instrument of international security. This fact led in 1948 to the formation of the Western Union in Europe and to preparatory negotiations for the North Atlantic Treaty Organization. At this time also the Scandinavian countries endeavored to find guarantees for peace and security. In the fall of 1948 and in the early months of 1949, negotiations were carried on between Denmark, Sweden, and Norway in an attempt to form a Scandinavian defense union. These negotiations broke down especially on account of the different viewpoints held by Sweden and Norway. In Sweden it was felt that such a union should be entirely independent of any other alliance. The Norwegian position was that, since a major war almost inevitably would turn into a total war, Scandinavia represented too small a defense unit from a military as well as an economic point of view. Even though the Scandinavian countries might not enter into military alliances, the Norwegians felt that a certain degree of cooperation would have to be established and maintained with the Western Powers. Sweden could not agree to this. When the Norwegian Foreign Minister, Mr. Halvard Lange, visited the United States in order to find out whether countries not being members of NATO would receive military supplies, he was informed that these countries could be given only secondary consideration. The Norwegian Government considered that under these circumstances the only alternative was to subscribe to NATO. The Danish Government followed suit. Sweden has maintained her independent position.

The differences of opinion which the postwar developments have introduced in the foreign policy of the Scandinavian governments have not put an end to the endeavors to establish and, if possible, to extend the Scandinavian cooperation. As I have already mentioned, the Foreign Ministers maintain regular contact with regard to the general meetings in the United Nations, and since 1953 cooperation on economic, legal, cultural, social, and traffic questions has attained a firm footing through the establishment of the Nordic Council. This Council, which was established on Danish initiative in 1952, consists of delegates from the Parliaments of Denmark, Finland, Iceland, Norway, and Sweden.

The Prime Ministers, the Foreign Ministers, and several other ministers are usually present during the proceedings. The Council is purely advisory in character. Its task is to study and eventually to recommend certain proposals to the various Parliaments. Even though agreement has not been reached on basic questions, the Nordic Council has without doubt helped to speed up agreements concerning important aspects of social and cultural life.

Certain schemes have already been introduced. Passports are no longer required between the Nordic countries. The formation of a common Nordic labor market has been achieved, and the greatest possible equality in social benefits has been established.

The realization of these projects has been facilitated by the fact that the Nordic countries have, since the war, generally speaking, followed the uniform economic policy based on the principle of full employment.

Prominent Swedes have pointed out that there are three historical facts which must be borne in mind by anybody trying to evaluate the present political position of Sweden. The first is that the country has been living at peace since 1814, and that no violent interior conflict has taken place since 1809. Consequently, the Swedish people have become accustomed to think in terms of peaceful change and to hope to avoid participation even in general political conflicts.

This policy was almost abandoned during the Crimean War, but since then has been very definitely upheld. During the First World War, Swedish neutrality was doctrinaire to the point of quixotry, with the result that the country was practically included in the Western blockade against Germany. During the Second World War, neutrality was more subtle, and a considerable amount of maneuvering took place to avoid attack from Germany. The second fact is that Sweden has never been a colonial power. It is true that she has held certain overseas colonies for short periods of time, but on the whole her interests even when much more considerable than today, lay around the Baltic, not across the Atlantic Ocean or in the east. This led to a certain isolationism and a lack of understanding of worldwide problems on the part of her ruling class, and it is only in the past few decades that some change has taken place in this respect. Thirdly, Sweden was industrialized rather late. This made it possible for the country to benefit from the experience of others and to avoid some of the worst pitfalls of the process of industrialization. On the other hand, once the process had begun it went on very rapidly and to the point where industry became exceptionally specialized. The standard of living in Sweden is chiefly dependent on the maintenance of

a wide range of exports all over the world. This has led to a liberal tariff policy, has contributed to general interest in peace and peaceful cooperation between nations, and has made it necessary for Sweden to maintain a wide range of economic contacts.

This background explains some of the apparent contradictions in the present policies of Sweden. It should be remembered that for a long time no party controversies of any importance have taken place in the field of foreign policy. The universally accepted formula is a policy of nonalliance in peacetime, aiming at the maintenance of neutrality if armed conflicts develop in any part of the world.

In spite of their adherence to NATO, Denmark and Norway still occupy a very special position from the Swedish point of view, and the same is true of Finland in spite of obvious limitations in its liberty of action. The fate of the Baltic States, and especially Estonia, interested Swedish opinion very strongly at one time, and there are still a considerable number of refugees from those countries in Sweden.

Finally, it should be remembered that in case of conflict with the Soviet Union, the frontier which Sweden would have to defend is geographically almost as long as the whole of the frontier along which NATO in Europe is confronting Soviet strength. To be more specific, Swedish policy means that the Swedes are regarding an isolated attack on Sweden as comparatively unlikely, and that even in the case of a general war Sweden would make an attempt to stay out. In that event, the Swedes would, of course, have to reckon with economic and other pressures from the West, but they are convinced that NATO would in those circumstances attack Sweden with military forces, and Swedish defense discussion has developed in accordance with this tacit assumption.

Sweden's reasons for not joining NATO vary a little with different groups in the country, and have also to some extent changed during the past 12 years. In the beginning, one of the reasons was that the Swedes regarded the whole question as less pressing than most other people did, since Swedish opinion refused to regard a third world war as likely to happen as long as the sufferings of the Second World War were still vivid in the memories of everybody concerned. Today Swedish policy is well established, and it is unlikely that even the imminence of a threat of war would change it. Public opinion is as determined as it ever was not to let the country become definitely associated with any one of the major conflicting groups.

Moreover, it could be argued that, if Sweden were to reverse her policy today, this would be taken, even by major groups, to mean that the information available to her--and Stockholm has often proved to be a very good listening post--indicated drastic changes in the international situation. Such an interpretation would certainly not be in the interest of peace.

Secondly, there is the problem of Finland. As I have mentioned, both public opinion and political leaders in Sweden are widely interested in Finnish developments and believe that Swedish policy should take account specifically of a possible effect on the Finnish situation. Rightly or wrongly, it has been assumed that Soviet willingness to allow Finland even interior liberty and the maintenance of democratic government is contingent upon Swedish abstention from military cooperation with the West.

Whether the opposite is also true, so that Swedish policy might be reversed if the Russians took over in Finland, is a question which leading circles in Sweden have rather naturally been hesitant to discuss.

Leading Finns have pointed out that the foreign policy of a small nation can have but one purpose, the safeguarding of its independence and security. The means employed to this end must be adapted to circumstances over which it can have only marginal control. In 150 years of nationhood, the Finnish people have used a variety of means to protect their self-determination and their identity. Yet throughout, one central idea has dominated Finnish thinking of foreign affairs. This is the idea of neutrality. The course of Finnish policy in the postwar years has been determined by the lessons of the Second World War. Scandinavian cooperation, as vitally important as it has been, and still is, has failed to provide security. It has become apparent that it would be mortally dangerous for Finland to serve as a forward post of any anti-Soviet coalition, first to be overrun in case of conflict, yet without any real influence over decisions on the issue of war and peace.

Thus necessity as well as tradition pointed to a return to aloofness from the conflicts and controversies between the big powers. But there could be no return to prewar attitudes. The failure of neutrality in 1939 had, according to a former Finnish Foreign Minister, been due primarily to the profound mutual distrust that had then prevailed between Finland and the Soviet Union. The Soviet Government at that time had had no faith in Finnish neutrality. It suspected that Finland, voluntarily or as a result of pressure, might have allowed Germany to use her territory as a base of aggression against Russia.

The foremost task of Finland's postwar policy, therefore, was to gain and secure the Soviets' confidence in Finland as a peaceful neighbor. This confidence was seen as the key to the security of a neutral Finland. This is part of the background of the policy which evolved under the leadership of the late President Paasikivi and was continued by his successor, President Kekkonen. One of the basic elements in this policy is the strict observance by Finland of all treaty obligations assumed by her. An outstanding example of this was the paying of the war indemnity in full and on time.

A more permanent obligation is contained in the Finnish-Soviet treaty of friendship of 1948, which expresses Finland's determination to prevent the use of her territory as a route or a base of aggression against the Soviet Union. The Soviet Government, on its part in the preamble to the treaty, recognizes Finland's desire to stay outside the conflicts of interest between the big powers, that is, her neutrality.

Toward the end of October last year the Scandinavian countries were drawn directly into the field of international tensions as a result of the Soviet note to Finland and the developments which subsequently took place. By means of threats or military consultations with Finland on the basis of the treaty of friendship, the political situation in our part of the world was put to a test. The Soviet Union apparently tried to exploit the feeling of solidarity which ties the Nordic peoples together in order to bring about changes in this situation. I think we are allowed to say that we passed the test. No military consultations took place. Sweden confirmed its foreign and defense policies. Norway and Denmark did the same. According to the communique from the talks between President Kekkonen and Premier Khrushchev in Novosibirsk, Finland, admittedly, is bound to follow the developments in Scandinavia and to get in touch with the Soviet Union if Finland judges it necessary.

This, however, does not indicate any real change in the balance of power, compared to the situation which existed prior to 30 October when the note was delivered in Helsinki. All of us have, however, received another reminder of our exact position on the world map. Our geographical position continues to demand both firmness and moderation. Above all it demands clarity. Unrest and wavering create uncertainty about the position of a country, and weaken the respect and trust in which it may be held by other countries.

On his visit to the Soviet Union toward the end of last year, the Norwegian Prime Minister had the opportunity to point out to the Soviet leaders that Norway is interested in maintaining the stability which has

been created in northern Europe and which we think benefits all the countries in that region. He expressed our difficulty in understanding how any country which is interested in securing peace in this part of the world may wish to change the balance. Our Foreign Minister further contended that unrest and changes in any part of the region may make it necessary for Norway to consider what effect this would necessarily have for our position in relation to particular parts of our security policy. This I take it is a rather oblique reference to our so-called base policy which at the moment has a proviso which we took at the time of joining NATO not to have foreign troops or foreign forces on our soil in peacetime. It is the hope of the Norwegian Government that the Soviet leaders understand and share this point of view.

In this connection I should like to make some comments on another rather central question, which may be of particular interest to you here. This concerns the question whether to create a nuclear retaliatory NATO force under direct common NATO financing and control, the concept which is often referred to as NATO, a fourth atomic power. I am not going to discuss the practical problems emerging from the different alternatives which have been suggested. Even if it should be possible to find a safe and effective solution to these problems, the most important question is still left unanswered: How to weigh the military necessity against the political expediency of such a force.

NATO's primary task is to prevent aggression and war. The alliance has solved these tasks during the years it has existed. It has managed to do so for two reasons. Most important is the fact that the principle of solidarity expressed in article V of the treaty makes it clear that an attack on one of the member countries will be regarded as an attack on all members of the alliance. The strength of this obligation of solidarity rests in full, mutual trust among the member countries. In addition, the conventional forces of the member countries have, in conjunction with the American and partly the British nuclear forces of retaliation, formed an effective military preventive against war.

It may be questioned to what extent an atomic force of its own for NATO would strengthen the collective ability of the alliance to prevent war. More important, however, is what we consider the justifiable doubts about the effects of such an arrangement on the trust in the solidarity and the ability amongst the member countries to stay together. The divisional tasks which have proved to be effective until now should, as we see it, be able to give a measure of security which is satisfactory also in the future, provided that the mutual trust continues to exist. If at any point this presumption should not hold true any longer, there is little reason to believe that a separate nuclear force for NATO would give any added security.

In addition there is the question of priority. There is a clear need for developing and modernizing the conventional forces of the member countries to achieve greater flexibility and increased ability to meet limited attacks with suitable means, without being forced to choose between accepting a local defeat or releasing a total nuclear war of destruction. Such a strengthening of the conventional forces, together with maintaining the forces of retaliation on the same basis as before, will undoubtedly mean that the war-preventive ability of NATO is increased.

I have in my remarks so far tried to sketch briefly our historical and social background and to highlight some of the political questions which face us in northern Europe today. I have barely touched on economic questions, but in order to round out the picture I should like to make a few remarks on this subject, and perhaps you will like to come back to it further in the question and answer period if I leave some loose ends.

For more than 10 years, actually since 1946, discussions in the economic field in Scandinavia have been dominated by the idea of international cooperation of one form or another. Few countries have a larger foreign trade in relation to their population than ours. Norway's exports represent more than 40 percent of its gross national product. For Denmark the figure is around 30 percent, and for Sweden it is 25 percent. To put this in context I should perhaps also tell you that the corresponding figure for the United States is 4 percent. It is therefore natural that the idea of international cooperation in the economic field finds a fertile ground in these countries. But in many ways, as I have tried to show you, the countries of northern Europe are differently endowed by nature and have developed each in its own way. This may be one reason why the long and laborious efforts to create a common market between the Nordic countries exclusively have not met with success, in spite of the amount of trade which takes place within the area.

Another reason, and probably a more decisive one, is the fact that the urge toward economic cooperation across national borders has not been an exclusive Scandinavian concern. Our efforts were overshadowed and drawn into the wider idea of European cooperation and even integration which has so far resulted in the creation of a Common Market on the Continent of Europe, and the efforts led by Great Britain and strongly supported by the Nordic countries to create a free trade area comprising all of Western Europe.

This specialization which had taken place in the various Scandinavian countries, and which in varying degrees makes them dependent upon the outer world, acted as a compelling influence toward a wider economic integration than cooperation between these countries alone could bring about. To a large degree, we had already been taking part in such a wider cooperation effort through the OEEC, which brought together more of Western Europe, or most of Western Europe, and also Canada and the United States, up to a point, in what we would say is a common effort of rehabilitation and economic expansion since its inception in 1948, originally based on the Marshall plan.

The Scandinavian countries have also actively participated in a more general effort to lower taxes and abolish other restrictions on trade through organizations such as the General Agreement on Tariffs and Trade and the International Monetary Fund.

The decision in 1955 to establish an economic community between six continental countries confronted us, like other countries outside the six, with a dilemma. A tariff wall around the Common Market would hit our export trade and hinder our possibilities for further economic development. On the other hand, a considerable part of our export trade goes to countries outside the Common Market, particularly to Great Britain.

Political as well as economic considerations made us reluctant to join any group in which Great Britain was not included, and this led us, as I have already mentioned, strongly to support the plan to create the free trade area, comprising most of Western Europe. The establishment of such a free trade area would have eliminated the most serious effects of the tariff wall around the Common Market, and might eventually have made possible the creation of a Nordic customs union, which was then being studied.

I shall not go into the various reasons for the collapse of the negotiations for the free trade area in 1958. I'll only say that one result of the breakdown of this plan was the formation, between seven of the countries outside the Common Market, of a free trade area of their own, which is called EFTA or is perhaps better known as the Outer Seven.

The EFTA agreement between the three Scandinavian countries, and Great Britain, Portugal, Switzerland, and Austria, a somewhat loose-jointed group, was signed at the end of 1959, chiefly with the object of creating a stronger base for further negotiations with the Common

Market. However, EFTA never succeeded in coming to grips with the Common Market on an institutional basis. Each of the trade blocs lowered tariffs between their own members but no agreement was reached for a mutual lowering of tariffs between the two blocs.

There is, however, a significant difference between a customs union like the Common Market and a free trade area like EFTA which I would like to mention. In the customs union the members do have a common tariff vis-a-vis countries outside of the union, while in the free trade area each member may retain its own tariff vis-a-vis third countries, and tariff policies will be decided upon by each member country individually.

I presume that the later developments in this field are rather familiar to you. The pressures against the splitting-up of Western Europe into two mutually competitive blocs led to Great Britain's decision to seek negotiations with a view to membership in the Common Market, which, if it comes about, will certainly mean the end of EFTA.

Now, what is the position of the Northern States to this development? For Denmark, whose trade is about evenly divided between Great Britain and Germany, the decision was easy, and actually came as a relief. Denmark applied for membership in the Common Market on the same day Great Britain did. In Norway, economic considerations are strongly in favor of joining the Common Market in which Great Britain is a member, firstly, because the Common Market countries, including Great Britain and Denmark, today account for a major part of our export trade--actually about 75 percent--and secondly, because only by full membership will Norway be able to have any influence on the rules which the Common Market countries in the near future will lay down for a common shipping policy and a common fisheries policy.

Within both of these fields vital Norwegian interests are at stake. For these reasons, nearly all our industrial organizations recommend full membership, which is also favored by strong groups within all our political parties except the Communists and the leftwing Socialists.

There are other considerations, however, why the idea of full membership has encountered opposition in Norway. For one thing, there is some concern about the future of our agriculture, which needs a certain degree of protection because of our disadvantageous climatic and topographic conditions. Furthermore, in some quarters there is fear lest strong foreign concerns get possession of our natural resources, such as waterfalls and forests, as well as our industry, which to a large extent today produces either raw materials or semimanufactured goods.

Some of the hesitation is also due to a certain reluctance to hand over any part of our relatively newly won sovereignty to supranational ordinance. For these and other reasons some Norwegians are of the opinion that Norway should not seek full membership in the Common Market but should aim at some form of association instead. Nobody seems to know what that association means. A few days ago, however, the Prime Minister told a press conference that the Government has decided to recommend seeking negotiations with the EEC on the basis of full membership. This decision has been spelled out in the Government's report to Parliament and, judging from all indications, Parliament is likely to act favorably on the Government report.

Norway thus should be ready to start negotiations with the Common Market by the middle of April or maybe somewhat later.

As for Sweden, its economic position is similar to that of Denmark and Norway. It would undoubtedly be advantageous for Sweden to join the Common Market since about two-thirds of Sweden's exports go to European countries. But that country's traditional neutrality or non-alignment limits the extent to which Sweden can transfer sovereignty to a supranational ordinance.

Sweden, like Austria and Switzerland, would therefore like to find a solution to the economic problem through association with the Common Market while preserving her neutral status. The powerful incentive for such a solution is the desire on Sweden's side, a desire which all the countries of northern Europe share, to keep its close ties with Finland and to prevent that country from becoming totally dependent upon the Soviet Union and Eastern Europe.

It seems quite obvious that the Soviet Union will not tolerate a direct Finnish membership in the Common Market, although it acquiesced in Finland's association with EFTA. How Finland's trade problems can be solved in a new market situation I couldn't possibly say at the present moment, but the Scandinavian countries will, at least for their part, do everything in their power to find a solution, and this they can probably do best from within the new European Economic Community.

Thank you, gentlemen.

COLONEL SMITH: Ambassador Koht is ready for your questions, gentlemen.

QUESTION: Would you comment on the attitudes of Norway, Denmark, and Sweden toward the reunification of Germany from the political and economic standpoint?

AMBASSADOR KOHT: That's a ticklish question. I think that, if you think about our feelings about it, you have to sort out Sweden from Denmark and Norway. Denmark and Norway went through something during the last World War and that evidently colors our views on certain things concerning Germany. But we have for a long time thought in Norway that it would be very important if one could obtain the reunification of Germany and get over a very sore and difficult question in Europe.

With regard to the Swedes, I find it difficult to answer. I think that the Swedes' official point of view coincides with our official point of view. Regarding the question from an economic standpoint, of course, the development that has already taken place and is taking place through the formation of a common market makes it very much more difficult to imagine how such a reunification is going to take place. I guess, probably, if East Germany was just handed back to West Germany they could take care of it. However, it is not easy and it is getting more difficult all the time.

QUESTION: Mr. Ambassador, I think a couple years ago I read of extensive underground construction that has been undertaken in Norway, I think from a civil defense point of view, and also in Sweden. I believe it is Norway that has one of the largest underground factories in the world, a rolling mill, if I am not mistaken.

AMBASSADOR KOHT: I'll have to pass on that. I really don't know. You are probably thinking of Sweden. The Swedes have gone in very strongly for this underground construction. They have gone further and have done more of it than we have.

STUDENT: In any event, is this still going on in Scandinavia, this large underground construction work?

AMBASSADOR KOHT: In Sweden they have done it for a long time, not only for military reasons but also for purely economic reasons. It's a paying proposition. Granite is, after all, a very solid building material. It couldn't be better.

In Norway we have done it systematically lately, particularly with regard to our hydroelectric powerplants which, of course, are nerve centers of industry and defense. So from that point of view, yes, it is going on. But if you are thinking of shelters, that's not so.

QUESTION: Mr. Ambassador, in the face of the record of Soviet imperialism, sometimes it is a little hard for us to understand the continued independence of Finland. To Scandinavia, does this represent a use of Soviet power, a restraint of their power, or a lack of power?

AMBASSADOR KOHT: I think it represents a use of their power. They know exactly where Finland is. It can't move away. They have shown, as I think I mentioned in my speech, that they can demonstrate at any time to the Finns exactly how far they will permit them to move. I have heard it said that from a military point of view it might be of certain interest to Russia to be able to use bases in Finland, to have a warning system integrated with their own, and so on. But I think that the Russians probably realize that if they make such a move, this might endanger and change the neutral position of Sweden. It might change Norway's policy with regard to foreign bases. Our policy on foreign bases, again, is of course conditioned, or one of the main reasons for it is to prevent such action from the Russian side.

But I think you could not take the present position of Finland as an expression of any particular weakness or strength on the Russian side. I think there is just an even balance here.

Does that answer your question?

STUDENT: Yes, sir.

QUESTION: Mr. Ambassador, is Norway still doing most of its own shipbuilding, or is this being done elsewhere in the world?

AMBASSADOR KOHT: I should like you to phrase your question the other way around. We are now doing much more of our own shipbuilding than we did before. The normal situation before the war was that about 70 to 80 percent of ships for Norwegian account were built abroad. For our shipbuilding facilities the normal production in a year was about 50,000 or 60,000 tons. Today--I just saw some figures--Norway ranks seventh in the shipbuilding countries of the world, with a production of 350,000 tons. The shipbuilding facilities have been considerably expanded since the war, and now I think we build about a third or even more of our own ships--this to the detriment of Sweden to a certain extent, because they used to be the major source of Norwegian shipping.

QUESTION: My question concerns economic growth in the Scandinavian countries, specifically in Norway. I would like to know if you

would discuss for us what new industries might be opening up in these areas and what you are doing in terms of automation and new technology. How are they progressing in this direction? And what effect does this have on unemployment--or the other way around, what effect does it have on employment?

AMBASSADOR KOHT: I am afraid you are getting me into a field which is a little too specialized. With regard to the building of new industries, I can say that as far as Sweden and Norway are concerned, Sweden has continued building up her major industries, which are always, from the earliest days, based on the iron ore, mechanical skills, and so on. They have also gone into electronics, to a large extent.

In Norway we have tried to attract capital and build up new industries, mainly based on hydroelectric power, in spite of our lack of certain primary materials. We have for instance built up a very considerable aluminum industry, although we have no bauxite. We also have increased our production of copper and nickel, and we have also gone into the manufacture of steel. That is based partly or mostly on iron ore found in Norway, and on electric smelting.

In Denmark there has also been a considerable change toward industry, as compared to earlier times, when agriculture was the predominant profession, so that the Danish exports are now about 50-50, divided between industry and agricultural products. Much Danish industry is actually based on agriculture--food processing and pharmaceuticals, and so on, which are basically agricultural raw materials.

With regard to automation, that is really away out of my field. I am afraid I can't tell you about that. All I can say is that, at least in Sweden and Norway, there has since the war been no unemployment. On the contrary, we have suffered from what you might call overemployment--the lack of skilled workers. In Denmark the situation has been a little easier.

QUESTION: Norway and the Soviet Union have a common border. What problems, if any, does Norway experience in view of this common border? Is the Iron Curtain there? Do refugees come over the border? Just what is the situation there?

AMBASSADOR KOHT: Might I say that it is "all quiet on the eastern front?" We have really no particular problems with Soviet Russia which are concentrated on the border. The border happens to

be in a rather uninhabited region, and consists for the most part of a river, where we have just made an agreement with the Russians to build, together with them, a series of power dams. Actually we have had long negotiations with them for a division of this waterpower in equal parts for Norway and the Soviet Union. All that went off very well.

Of course the Russians are very strict and I should say very difficult in their negotiations. They took a long time to demarcate this border, when it became the Norwegian-Russian border. It used to be the Norwegian-Finnish border up until 1945. Although it was supposed to be the same border, it took us 2 years to mark it again, together with the Russians. It is now marked and delineated in a much stricter fashion. There is very little actual passage between the two countries. We have a border commission on both sides. If anything happens up there or anyone strays across, it is taken up on a rather friendly basis.

We have had cases of refugees, a few cases, of Russians who actually came over. But it has been a very small matter. There is no conflict, really.

QUESTION: The reasons you gave for Sweden's not joining the Common Market imply that there are strong political overtones in joining the market. What do you see evolving politically out of the market countries?

AMBASSADOR KOHT: For northern Europe?

STUDENT: Yes, sir. How far can they go in economic matters without getting over into the political?

AMBASSADOR KOHT: It is a very hard question to answer. I can give you my personal opinion on it. That is, I think the political aspect of this is somewhat overrated. With the position of France today, and actually with the, let's say, feeling of national sovereignty which is still prevalent all over Europe, I think that the idea of a federated Europe is a long time off. I should personally think that the Swedes, the Swiss, the Austrians, and all others who want to maintain their neutrality will be able to do so within the Common Market for as long a time as they may want to.

On the other hand, there are others who are working very hard on the basic aim for the formation of a common market to create in the end a political union in Europe. If you look far enough ahead, that is a thing which might prevent some countries from joining.

QUESTION: You mentioned your doubts as to the possibility of any long-term political union in the Common Market. What factors keep the Scandinavians from having a political union? What keeps them apart?

AMBASSADOR KOHT: One factor is the fact of Sweden's being neutral while the two other countries are not neutral. I think that is very decisive. I think if we tried to make a union like that we would have to figure out what the position of Finland would be, inside or outside.

QUESTION: Mr. Ambassador, we have had for many years to subsidize our merchant marine to keep it going. Could you tell us how Norway handles the situation with your very large merchant marine and with your rather high standard of living? Are most of your crews Norwegian? How are you able to make it work so well economically?

AMBASSADOR KOHT: We leave it to the shipowners. They seem to be able to make a profit. Of course they keep complaining all the time that we are taking too much out of them in taxes. They seem still to make a living. I have heard a slogan here by some of your unions of substandard wages and substandard ships. I can assure you that that is not so. Of course, the cost of living is lower in Norway than it is in the United States. Our salaries and wages are generally lower than yours. That may explain part of it. Also I think there is general efficiency. They operate on a very businesslike basis.

As to the question about whether they are Norwegians, in the post-war years we have, as a consequence of the employment situation, had to take in a number of foreign seamen. I think that today, out of about 50,000 or 60,000, there are between 6,000 and 8,000 foreigners sailing on our ships. But they obtain the same wages as the Norwegian sailors.

QUESTION: My question concerns Spitsbergen. Are the Russians creating any problem up there now? Is there anything new to be added regarding the Spitsbergen situation?

AMBASSADOR KOHT: We haven't had any word from them for a long time about Spitsbergen. They are working in their mines up there. So are we in ours. I haven't heard about any particular problems there lately.

QUESTION: In the past few years the Russians have greatly expanded their distant water fishing fleets and have caused certain problems off our shores. Have you experienced any similar problems with the Russian distant water fleets?

AMBASSADOR KOHT: Yes, we had a most peculiar episode some years ago. I can't remember when it was. A whole Russian fishing fleet came in and started fishing inside our territorial waters. They were gathered up by our Navy and brought in to a little fishing port, and they stayed there for a good while, while the Russians negotiated to get them out again. They were brought before a court in Norway and fined a considerable sum, which in the end they paid. Then they left and since then they haven't been back.

They are fishing in the ocean outside, however. Actually some of our fishing experts have the theory that the Russian fishing in the Barents Sea above Vardo, Norway, actually is responsible for some of the decline in the amount of codfish that usually comes down to our coast in the spring. But this is only a theory, and we really don't know whether it is due to that. Anyway, there is nothing we can do about it.

QUESTION: Mr. Ambassador, Sweden has usually responded to calls from the United Nations for military forces, or has on at least two occasions. In the Israeli dispute the Soviet Union opposed United Nations intervention, although Sweden contributed forces. This does not seem to be quite consistent with what you might call strict neutrality toward the Soviet Union on the part of Sweden. Would you comment on that?

AMBASSADOR KOHT: Maybe not, but the Swedes look at this on the angle of their obligations according to the charter of the U. N., together with the rest of us up there. We are very strong supporters of the United Nations, and we have strongly supported the United Nations being made into an efficient agency for the preservation of peace. I think it is from those motives that the Swedes have felt no compunctions about putting their forces at the disposal of the United Nations. It couldn't in any legal way be constructed as nonneutral behavior, although I know that in Sweden there has been some hesitation, or rather, some discussion about this position into which Sweden has come as a result of putting forces at the disposal of the United Nations.

The Swedish Government is thoroughly committed to this policy and I don't think there will be any change. The Russians, as far as I know, have not made any complaint in this direction to the Swedes.

QUESTION: Mr. Ambassador, would you comment on the Norwegian attitude toward Spanish membership in NATO and possible Spanish association or membership in EEC?

AMBASSADOR KOHT: Our position on Spanish membership in NATO is quite clear. We do not think it belongs there at present. When it comes to the economic sphere, we have cooperated with Spain in the OEEC. How Spanish association or membership in the Common Market stands I don't know. I think Spain has applied for association, and I haven't really seen very much reaction to this in the Norwegian press, so I can't tell you. But as I say we are already members together with Spain in the OECD. We have no objection to that.

Whether Spain, under her present government, could fit into an economical or political grouping such as the Common Market I don't really know. But with NATO, we should be against Spanish membership, if the question arose. We would not be the only ones, I think. We still feel that the government as it is in Spain today is a remnant of the dictatorships that existed at the outbreak of the Second World War. There's a lot of feeling about it in Norwegian public opinion. This may be rational or irrational. In Norway it is an internal political question.

QUESTION: Mr. Ambassador, do you have the same sort of feeling about the Portuguese?

AMBASSADOR KOHT: Actually we don't. I think the difference there goes back to the way in which the government was established. The majority of public opinion in Norway feels that the present Spanish Government was established as a result and with the help of Hitler and Mussolini. Salazar did not become the Dictator of Portugal with any outside help. It's a different position. This again refers more to feeling than to anything else.

COLONEL SMITH: Mr. Ambassador, we have been honored by your presence here this afternoon. We certainly appreciate your telling us about the northern part of Europe. It has contributed a great deal to our studies. Thank you very much.