Four European neutrals and European integration.

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FOUR EUROPEAN NEUTRALS

and

EUROPEAN INTEGRATION

A Thesis Presented

by

George C. Grosz, Jr.

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and
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A Thesis
By
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CHAPTER I
INTRODUCTION

Since World War Two, there has been a consistent effort on the part of Western Europe to move towards integration. The idea, although not new, has for the first time found a widespread enthusiasm among the nations within this sector of Europe. These nations, prodded by the two catastrophic experiences of World War One and Two, have sought ways of overcoming the intense nationalism of the European States. Their aim is to emphasize the commonality of these states which enables them to take advantage of supra-national institutions and policies.

While the goal of political integration has received overwhelming support, the issue of what methods to use in pursuit of that goal has caused widespread disagreement. In other words, the question of "How do we get there?" has been more difficult to resolve than the question of "Where do we want to go?" Basically, the debate has centered around those who argue for a "quick" solution (establishment of a supra-national institution with political and economic powers --meaning the subjugation of individual member-states' sovereignty to it) and those who advocate a "slow evolvement" of political integration. (A slow and careful step-by-step process starting with economic cooperation between states
which finally evolves into the final political goal.)

No matter what the method of European integration, the very existence of the concept poses very serious problems for those European nations who have committed themselves to the laws and policies of neutrality. In this thesis, our discussion will center around the problems faced by four of these neutrals, Austria, Finland, Sweden and Switzerland. We will be concerned with first the problems of these four nations and neutrality in general and then with the more specific issue of European integration.

The study is divided into three parts. The first part is concerned with the concept of neutrality. We will be tracing the development of neutrality as an international concept in practice as well as in law. From there, we will note the changes in neutrality that have come as a result of the cold war. At this point, we will explain the significant differences between neutrality and neutralism or non-alliance.

The second part is a discussion and development of the individual policies of neutrality practised by the four States. From this discussion, it is hoped to explain why each of these four States took up the practice of neutrality in the first place, and why, in the face of the cold war, did they choose to remain neutral. The primary objective of this part is, however, to illustrate that each of these four States practices
a policy of neutrality relative to its own individual circumstance and political environment.

Finally, Part III is concerned with the four neutrals and their position vis-a-vis the integration of Europe. The purpose of this discussion is to explore under what circumstances these four nations are willing to take part in the integration movement. The four States of Austria, Finland, Sweden and Switzerland were chosen specifically for this study for several reasons. First, they are all neutral in the cold war. Secondly, they are all of a Western orientation. Lastly, and most important to the discussion, they have all at some point been faced with the dilemma of accepting or rejecting membership in an European regional organization. The circumstances surrounding their participation in these organizations and its impact on their neutrality will hopefully illuminate the differences in the neutrality of these four nations. They should also give us some hint as to the difficulties faced by the neutrals, as Europe moves toward political and economic unity.
PART I

NEUTRALITY AND NEUTRALISM
CHAPTER II
NEUTRALITY

Definition of Neutrality. The concept of neutrality, like most concepts, has been defined and redefined by so many authorities that to find one definition suitable to all is practically impossible. It is more difficult in the case of neutrality because as the concept has developed over the centuries, its meaning has changed. Despite this difficulty, there are several common features included in most definitions of neutrality which can serve for definitional purposes without becoming involved in the intricacies of conceptual construction.

It is generally agreed that neutrality means "keeping out of war." Ernest Nys finds the term used in this sense of non-participation in war as early as 1378. This central theme is to be found in most of the writers on neutrality regardless of when they wrote. Examples of definitions of this sort include:

...in general the obligation of neutrality consists in abstention from hostile acts toward either belligerent.¹

-Johann W. Textor-

Neutrality, in popular thought, means keeping out of war. It is the condition of those who remain at peace while others are fighting.²

-Philip Jessup-
In a more modern sense, neutrality is a legal status involving certain rights and duties. It may describe the condition of non-participants in a war, or it may connote the policy of keeping out of war. In both aspects, it assumes that war is in existence. L. Oppenheim explains the concept is this modern sense. He defines neutrality as:

The attitude of impartiality adopted by third states towards belligerents and recognized by belligerents, such attitudes creating rights and duties between the impartial state and the belligerents.\(^3\)

This definition presupposes that a third State at its own option or volition can decide to adopt an attitude of impartiality at the outbreak of war. This has, in fact, over time become a well-accepted practice.

The one feature common in all these definitions is that they all recognize the existence of war. It is the definitions embracing this condition which have persisted throughout time.

Neutrality is an attitude during a state of war only.\(^4\)

-L. Oppenheim-

Neutrality... assumes that war is in existence.\(^5\)

-Philip Jessup-

Given a hot war, every state that stays out of it is 'co ipso' neutral.\(^6\)

-Peter Lyon-

In order to bring these fragments of numerous definitions together, this writer has chosen a definition which encompasses all of these features and is fairly clear in its explanation of the concept of neutrality.
Neutrality designates the conditions of that State which, while war is being carried on between two or more other States, remains outside of the struggle and strives to preserve with each of the belligerents so far as possible the normal relations which it maintained with them before. So defined, neutrality represents a status half-way between war and peace.7

- Nicolas Politis -

For the States which find themselves in such a position, neutrality implies a combination of rights and duties. The rights are those of peacetime, only they are more or less altered by the occurrence of war. The duties also arise as a result of the fact of war.

Neutral nations then are those who, during a war, "take no one's part, remaining friends common to both parties and not favoring the armies of one of them to the prejudice of the other."8

Thus defined, let us now turn to a discussion of the development of neutrality throughout history.

History of Neutrality. Neutrality is probably as old as war itself. There have always been some States which would take no part in the quarrels of others. In fact, traces of what was to be called during the past three centuries the "law of neutrality" can be occasionally found in ancient history, for instance in Greece and India. In other ancient times, there was no place for neutrality. Such was the case during the rule of Rome where during a war third States had
to declare themselves for or against Rome. One was either an ally or an enemy. (The Eisenhower-Dulles policy of the 1950's on non-alignment was very similar. However, Dulles found neutrality repugnant on moral grounds, while it was a means of protection for States during the Roman Rule.)

During the Middle Ages, the situation was basically the same as a result of several factors retarding the development of neutrality. The first of these factors was the influence of feudalism. Because of feudal obligations of the princes, they were not free to choose between belligerency and neutrality. The most that a vassal could do was to resist the power of his overlord which, in many cases, just substituted a conflict with his Lord for a conflict with his Lord's enemy. A second and more important factor retarding the development of the concept of neutrality was the overwhelming power and influence of the Church. In its temporal aspects, the Church was a part of the feudal system; thus, the above remarks apply to it. As a spiritual power, the Church strove at times to unite its faithful against the enemies of the Church. "One could not be neutral in a conflict between God and the foes of God." All Christian countries were summoned to fight the common enemy. War between two States was considered in principle as a matter of general concern. "No member of the Empire could be disinterested in a conflict which disturbed the harmony of
the community; no Christian could be indifferent to the struggles of the Church, or remain neutral in the wars of Christianity against the infidels, or in those of orthodoxy against heresy."

A third retarding feature of the Middle Ages was the distinction between a "just" war and an "unjust" war. Here again, the spiritual influence of the Church was apparent. The attempt to make this distinction was originally due to the necessity of reconciling the pacifism of the Church with support for the Emperor's wars. It became more or less agreed that everybody should support a "just" war, and nobody an "unjust" one: "The problem of 'neutrality' came to be considered from the point of view of whether a war was 'just' or 'unjust,' and neutral duties toward a nation waging a 'just' war were measured differently from those which existed towards a nation embarking on an 'unjust' war."

Neutrality as an institution of reciprocal rights and duties between belligerents and non-belligerents has a comparatively recent origin. It is mainly the result of political and economic relations between nations in the last three centuries. It is here that the history of neutrality reveals the mutual influence of and close connection among: (a) the status of national sovereignty, (b) the status of war and (c) the status of neutrality.
The emergence of the nation-state means the recognition of national sovereignty as supreme and, consequently, the right of a nation to go to war. "If sovereign States enjoy equal status in law, the circumstances in which two States go to war can be no concern of other equally sovereign States who wish to remain outside such war. Once one regards war as a necessary condition of international life, and grants it a status of legitimacy, one must also recognize the status of neutrality."\(^{12}\) It became necessary for the belligerents to observe the principles of neutrality in order that the number of their enemies was not increased, and the theatre of war was localized. "The belligerent soon found that his hands were not free. The annoyance of the enemy might be relished, but that of third parties might lead to hostile alliances."\(^{13}\) The neutral looked for protection, especially those with large merchant marines. The first agreements between belligerents and neutrals were made concerning the rights of neutrals to trade during war. A study of treaties, state papers and juristic writings from the fifteenth century through the eighteenth century leads to the conclusion that this is the way in which the law of neutrality developed. The treaties concerning trade and sea commerce between belligerent and neutral became accepted practice in time of war and were greatly expanded to include other rights and duties of both neutrals and belligerents. The most important duties
of the neutrals which developed over this time were abstention from and impartiality in war. The most sacred right, of course, being the right to neutrality.

As is so often the case, the discrepancy between the theory of law and the practice of law concerning neutrality and neutrals' rights was very great. Laws governing the rights of neutrals and belligerents were like all laws, determined by those who had the power to enforce them. In the nineteenth century while the concept of neutrality was developing rapidly in the legal sense, in actual practice, it was under great strain from those who held the power internationally. Although numerous treaties were made concerning trade and commerce rights of neutrals on the sea, Britain found it convenient most of the time to break those treaties. This was especially true when she confronted agreements made between France and a neutral concerning war supplies. Britain was involved in a life and death struggle with France, and since she held sway over the seas, she had no reservations about violating neutral-belligerent's rights in respect to interfering with sea commerce. She simply had the power to withstand any sanctions which might be placed against her. And it was Napoleon who declared that "there are no neutrals," as he swept across the continent of Europe. He, too, had the power to deny any rights or duties afforded to neutrals and belligerents. Thus, "...the general attitude towards neutrality is determined by the comparative
strength or weakness of the international order at any particular point of time."\textsuperscript{14} It was and is subject to the rather whimsical nature of governments, especially those who hold sway over international politics. Even though by the start of the twentieth century the laws of neutrality and neutral rights and duties were for the most part coded into international law, the actual obedience to those codes was at times rather insignificant.*

The period after World War One saw many authorities predicting the death of neutrality. Because of the devastating effect of the war on mankind, the creation of the League of Nations, and the attempt to outlaw war, it was thought that the status of neutrality would be abolished. In fact, the view was prevalent that a neutral shirks his share of the burden of humanity. Neutrality became very unpopular in those years. However, as the failures of the League of Nations became apparent, and the attempt to outlaw war proved futile, neutrality took on new meaning as a desirable status in the face of war. As war approached in Europe in the late 1930's, the scramble for neutrality in the struggle was common.

\*This was especially true during World War One. Before the war, agreement had been reached on rules governing neutrals' rights at sea. These were coded in the Declaration of London. During the war, little, if any, actual obedience to this Declaration was apparent. Neutral rights in commercial matters were pretty much violated by the belligerents also. In total, neutrality was thought of negatively during World War One.
Neutrality and International Law. From its beginning, the codification of international law on neutrality has had a profound effect on the nature of the concept. Probably the most significant codification was the initial one resulting in the Consolato del Mare; the establishment of rules regulating wartime non-belligerents and their rights at sea. This was the first time that what had become common practice at sea was set down in writing as law. Up to that point, there had existed only individual treaty arrangements between two nations concerning neutral and belligerent relations. From this point on, the codification of laws of neutrality at different points in time signified a general awareness and acceptance by most nations of the development of neutrality laws.

The importance of neutrality as an institution of international law did not come about until the nineteenth century. During this century, the development of international rules of neutrality was due to three factors. The most prominent and influential factor was the attitude of the United States of America towards neutrality. The strict adherence of the United States to the codes of neutrality and the establishment of new codes preventing American citizens from taking part in foreign quarrels laid the groundwork for the British Foreign Enlistment Act of 1818.
Also of great importance to international laws of neutrality was the neutralization of Switzerland in 1815 and Belgium in 1831. The significance of these events was the establishment of a new concept in international law; permanent neutrality to be acquiesced to by belligerents in all wars. The third factor was the Declaration of Paris of 1856 which incorporated into International Law the rule that neutral goods on enemy ships must not be seized, and that blockades must be effective.

The continuance of the codification of laws of neutrality occurred up until the outbreak of World War One. Most important of these was the Hague Convention of 1907 which concerned itself with the Rights and Duties of Neutral Powers on Sea and on Land. However, the failure to achieve British ratification of these conventions meant, in actuality, the non-adherence to them by anyone when war actually broke out. This proved to be the case in the First World War.

The post-war period brought about radical changes in neutrality in International Law. Many thought that the establishment of the League of Nations and its collective security system of keeping peace would make neutrality obsolete. In a system where all members were by agreement responsible for the actions of one, there was presumably no room for abstention from collective action through neutrality. It is true that the Covenant of the League of Nations as a document
of international law was a radical alteration of the traditional concept of neutrality. But it did not abolish it, and it was incorrect to think so. "The correct view was probably that while in some cases, namely, when resort to war was not contrary to the Covenant, the latter had not altered the law of neutrality. It had, without abolishing it, vitally affected it in those cases in which members of the League were bound or authorized to apply sanctions under Article 16."15 The importance of the Covenant on neutrality was that the Covenant-breaking belligerent was deemed, by signing the Covenant in advance, to measures of discrimination being applied against him by those members of the League who did not elect to declare war upon him.

The second attempt of the post-war period to radically change the concept of neutrality came in the ratification in 1928 of the Pact of Paris, or the "General Treaty for the Renunciation of War." Since the Treaty has no provisions for the enforcement of its obligation to outlaw war, it does not affect the law of neutrality directly. In other words, given the outbreak of war in violation of the Treaty, the traditional laws of neutrality would still apply. However, there is little doubt that by destroying the absolute sovereign right of States to go to war "...the Treaty has provided a starting-point for important changes in the law of neutrality."16
For, as a rule, "...the outbreak of war will be due to a violation of the Treaty on the part of at least one bellicose nation. The guilty belligerent, by breaking the Treaty, violates the rights of signatories..."\(^{17}\)

World War Two brought about the modification of neutrality. This was a result mainly of the United States' willingness to change her status of neutrality a little at a time. Her increased support of the Allied nations was done not as a violation of her neutrality but as a policy of self-defense. In fact, in the last stages of her neutrality before entering the war, neutrality had come to mean that sanctions against the aggressor nations were within the scope of the concept, because war had been outlawed as a legal instrument of national policy.

Out of these modifications came the concept of non-belligerency. This term applies to those States who are not actively participating in the war, but who, for one reason or another, are aiding in the war effort through material and ideological support. Such was the position of Sweden during World War Two.

The ratification of the United Nations Charter by a number of States after World War Two signified yet another change in the law of neutrality. It is in many ways like the Covenant of the League of Nations in that it also limit...
the right of a State to be neutral, yet does not abolish neutrality altogether. In principle, no member of the United Nations is entitled to remain neutral in a war in which the Security Council has found a particular State guilty of a breach of peace or act of aggression. Members lose all rights to neutrality only under Article 42, which insists that members declare war or take sanctions which are intended as war. Here again under Collective Security, the right to remain neutral has been given up for the sake of the Community. Whether this new change from the traditional rights and duties of neutrality will prevail in time of war is yet to be determined.

The post-war era beginning in 1946 has seen many changes in the concept of neutrality. With the beginning of a new and different type of war, the cold war, has come the emergence of a new concept, that of neutralism and non-alignment. That this new concept has roots in the traditions of neutrality is a foregone conclusion. But because the cold war is radically different from the traditional "hot war," new definitions and laws must be used to understand the concept of neutralism. It is to this subject that we now turn.
CHAPTER III

THE COLD WAR AND NEUTRALISM

The Cold War. The years following the conclusion of the Second World War were years of change on the international scene. First, came the creation of the United Nations and its collective security system. Secondly, there was the emergence of many new nations in the old colonial areas of Asia and Africa, who because of their newly acquired independence brought a certain amount of hope and goodwill to a world weary of war. However, the most important changes for the world came as a result of the war itself. The most significant of these was the introduction of the atomic bomb by the United States. The bombing of Japan signaled the start of the Nuclear Age and all its ramifications for mankind. The end of the war also found the two super-powers of the world about to embark upon a new concept of war, one that would cause a redefinition of many traditional relationships and concepts, both legally and politically. This new concept of war which has since been entitled the "cold war" has had a significant effect upon the traditions of neutrality, primarily because of the previous direct relationship that existed between neutrality and the "hot war" or "shooting war." However, before discussing these changes, let us examine briefly the conditions which led the world into the era of the cold war.
The end of the war left the United States and the Soviet Union as the inheritors of international power. Besides being the sole possessor of the atomic weapon, the United States had forces deployed from Southeast Asia to Central Europe. Russia, on the other hand had amassed the largest land army known to man in Eastern Europe and was probing and pushing into Central and Southern Europe. Although they had been allies against the Germans, these two global powers were split by many pre-existing antagonisms, some dating back as far as 1917. Outstanding among these were the fundamental ideological differences between Communism and Democracy. Moreover, during the war, each had, at one time or another, accused the other of failing to carry his share of the war effort, thus increasing the distrust and antagonism between the two nations. By the end of the war, these two troublesome, monolithic giants were squared off against each other in Central Europe, each with enough grievances against the other to start another war and be able to justify its actions. However, due to the weariness of war on both sides and skillful diplomacy at the allied conferences, actual war was avoided. Instead, each side launched a war of propaganda and diplomatic maneuvers in the attempt to extract certain concessions from the other side. Finally, in 1947, as a result of the Russian attempts in Eastern Europe to solidify its hold over those countries, both militarily
and politically, the United States announced the beginning
of the Truman Doctrine and the Marshall Plan, both of which
were designed to keep Communism from spreading into the
United States' spheres of influence. It is at this point
that most historians mark the beginning of the cold war. It
is also here that the need for defining and redefining new
and old conceptions of war becomes apparent.

A Redefinition of the Concept of "War."

We live today in a state of cold war, that
is armed fear. It is not peace that we are
having but a precarious equilibrium in which
dissension does not declare itself because of
mutual fear, it is not a state of order; there
is no inward tranquility.1

-Dr. S. Radhakrishnan-

The above statement relates to the situation after 1947.
Both Russia and the United States scrambled to bolster their
causes by soliciting support from nations around the world.
They each promised economic and military aid to those nations
who would join them in an alliance against the other. This
bi-polar power struggle has evolved into an ideological struggle
between the East and the West. Communism versus Democracy and
Left versus Right. Each has developed its instruments of
"cold war" just as they had in the "shooting war." Instruments
such as propaganda, fear and distrust, threats of nuclear
annihilation, localized wars of intervention, economic and
military tribes and any other means short of actual "hot war"
are used. For cold war is institutionally psychological warfare, the aim of which is to nourish an idea of war in the minds of men. The strategy is to enable the victor to overpower a rival psychologically by the threat of one's armed strength with a view to winning a political or diplomatic victory. It is neither war nor peace in the traditional sense as defined by International Law. Traditionally, "War is a contention between two or more States through their armed forces, for the purpose of overpowering each other and imposing such conditions of peace as the victor pleases." Peace has been defined as the end of a shooting war, commencing with the signing of a peace treaty. On the other hand, cold war is defined as:

"...originating from mutual suspicion and mistrust, (cold war) is the contention in peace-time between two or more States or between rival Power blocs, conducted by a show of strength and by diverse means short of armed intervention, for the purpose of psychologically overpowering each other and for an extension of the respective political spheres of influence, involving in its process breaches of the principles of peaceful co-existence recognized by the United Nations Charter, thereby endangering the climate of peace."

-Roy Chowdhury-

From the distinction made above between "hot war" and the new concept, cold war, one can envisage the effect upon traditional neutrality that such a change has. Neutrality under International Law was only applicable during an actual
shooting war. Except for those States who were under perma-
ment neutrality (neutralized), the cold war meant for many
a drastic change in their foreign policy. Many sought to
align themselves with one side or the other for protection
and also to forestall aggression if and when a shooting war
started. This was especially true of the small European
nations such as Belgium, The Netherlands and Denmark who,
though they were traditionally neutral, had had a negative
experience with neutrality during the Nazi period and now
sought alliance with the West. However, other States,
among them many newly created States who were groping to
maintain their newly acquired independence, found it expedi-
ent to align themselves with neither side. Thus, the con-
cept of non-alignment or neutralism was born as a counter
position to the cold war. The new neutralist stance vis-a-
vis the cold war signaled a radical departure from the tra-
ditions of neutrality. Let us now examine this change.

Neutralism. As was discussed in Chapter II, neutrality
implied that a country had been reduced merely to the role of
a spectator in global affairs, that it was isolated from the
events taking place in the rest of the world and that its
policies were based upon indifference to global issues.
Neutralism, on the other hand, is described and connoted by
words such as "positive" and "dynamic" to emphasize that it
is not isolation, and that it is active, not passive; that it is a position and policy of responsibility. It does not require a nation to steer a middle course between East and West. Neutralist nations do not accept the obligation of equidistance as pertains to neutrality. Neutralism implies diplomatic freedom of action and choice with respect to the cold war. "Non-alignment is not to be identified with isolationism, nor is it to be confused with any hypothetical necessity of equal cooperation with the two blocs."\(^4\)

The customary language of a cold war neutralist reflects the difference in emphasis from the traditional neutral in time of war. The neutral will tend to stress that there is a legal right of States to be neutral under International Law. The neutralist tends rather to stress that it is morally right for any State to be neutralist, and that "world opinion" endorses the rightness of neutralist policies. Where the neutral tends to talk more of law than morality, the neutralist stresses morality over law.

All neutralists begin by rejecting emphatically the notion that they should view the world from within the confines of a cold war alliance. "...the simple truth is that the neutralists are no more pro-Russian than pro-American. They are pro-peace. They are convinced that the cold war, if it lasts long enough must inevitably erupt into a hot one."\(^5\) In general, it may be
said that, above all, neutralism implies diplomatic freedom of action or choice with respect to cold war contestants. "To the wide-ranging leaders today who proclaim their independence, neutrality is not a declaration in advance of a fixed position to be taken in case of war, or a claim to rights against belligerent encroachment. It is a political expedient. It is not passive but active. It asserts that each State is determined to go its own independent way in accordance with its own current estimate of its own interests, and it expresses the hope of getting along with both sides and doing business with both sides and perhaps of influencing both sides and even of serving as a bridge to bring them closer together."^6

No neutralist claims that his cold war neutralism necessarily means that his own country would not become involved in a general "hot war." The present defense of neutralism is, substantially, that it can help prevent war. By playing either a "third force" role in the bi-polar world or by acting as a peacemaking intermediary, neutralist nations hope to loosen the rigid alliance structures and relieve the tensions of the cold war. It is with this purpose in mind that neutralist nations actively take part in global politics, rejecting the isolation and impartiality of traditional neutrality which they feel became outdated with the coming of the Nuclear Age.
There are other differences between the concepts of neutrality and neutralism, but they arise mostly as a result of the individual State's specific situation relative to its own interests. This situation gives rise to the practising of many different types of neutralism. There are, however, essentially six types of neutralist policy which may be usefully distinguished. A neutralist policy may be practised by: (1) a neutralized State (Austria, Laos), (2) a traditional neutral (Sweden, Switzerland), (3) a buffer or former buffer (Finland, Afghanistan), (4) an erstwhile isolationist (Ireland, Saudi Arabia), (5) a pioneer neutralist (India, Yugoslavia), and (6) a new State neutral (Egypt, Iraq, Nigeria). It may seem to be contradictory to place traditional neutrals and neutralized States under the broad category of neutralism, yet, given the Nuclear Age and all its ramifications for war and the emergence of the concept of psychological warfare embodied in the cold war, one can no longer follow the guidelines which existed previously. The norms of traditional war and neutrality no longer exist, and even those States who have traditions of neutrality or neutralization have had to adjust their positions and policies to the given circumstances. This they have done and, therefore, they each practise, to some degree, policies consistent with neutralism.
Of the six types listed above, three of them pertain to the four European nations considered in this study. Austria is a State which was neutralized by treaty agreement in 1955. Sweden and Switzerland can be considered traditional neutrals since they have both held to the status of neutrality during the "hot wars" of the twentieth century. Finally, because of her geographic position, next to the Soviet Union, Finland is considered a buffer State. (Although not in the same sense as the Eastern European buffer States, because she has been able to thwart Soviet attempts to undermine her democratic institutions and, thus, keep relatively free of Soviet influence domestically.)

Part II of this study will be concerned with exploring the particular policies of neutralism as practised by these four nations. Our concentration will be focused on the specific reasons for such a policy and the guidelines which they have established for their neutralism.
PART II

FOUR EUROPEAN NEUTRALS:
SWEDEN, FINLAND, SWITZERLAND AND AUSTRIA
CHAPTER IV
SWEDEN AND NEUTRALITY

History. The beginnings of Swedish neutrality date back over one hundred and fifty years to the end of the Napoleonic wars. Since 1814, Sweden has not participated in any war or joined any alliance. Over this period, she had developed a tradition of peace and neutrality. It is a feat which is little understood by most and has been described by historians as "an astounding and all but unaccountable phenomenon." ¹ Others, in explaining this long period of Swedish neutrality, suggest that the "...reasons for this long period of peace are no doubt to be found in the geographic position of the country, in special circumstances such as the dependence of certain belligerents on Swedish iron ore and in pure luck." ² To be sure, the shrewdness of Swedish leaders and diplomats is largely responsible for Sweden's long tradition of neutrality in the past century and a half which saw the world engulfed in two catastrophic world wars and numerous other regional wars of international consequences. The amazing fact is that, despite the constant challenges provided by those conflicts to Sweden's neutrality, she was able to walk the tight rope between alliances in peace and belligerents in war, achieving her position as a traditional non-aligned State without suffering damage to the process of neutralization.
Swedish foreign policy, during the nineteenth century, was one of a small and weak State. It could hardly be called a policy of deliberate "neutrality." By this time, Sweden had become reconciled to its new situation as a minor European power. She was also located on the periphery of the immediate zone of interest of the great powers. These circumstances permitted her to reorient her foreign policy as changes in the balance of power warranted. Yet, Sweden demonstrated at different times definite positions of partiality which contradict the status of neutrality in its strictest sense. This was especially apparent in her actions against Russia during the Crimean War. However, despite these brief periods of partiality, Sweden managed to develop a tradition of neutrality in war and non-alignment in peace.

By the beginning of the twentieth century, the rise of German power and its subsequent influence internationally had created a balance of power in the Baltic region between Germany and Russia. This balance contributed to the security of the small north European States, allowing them to remain neutral during World War One. Despite intense hostility to Russia and strong tendencies toward alliance with Germany by her governing and military classes, Sweden declared her neutrality on August 4, 1914. Henceforth, she consistently espoused a neutral policy.
The Swedish inter-war policy was conditioned by the new international and strategic conditions in northern Europe. Because both Germany and Russia were greatly weakened by the war, the Swedes decided to disarm and reduce the strength of its defenses which had been kept at a high level during the war. Behind this decision were both an accurate appraisal of the strategic situation and also an over-optimistic assumption of a lasting state of peace. Such optimism necessarily came from Sweden's participation in the international organization dedicated to peace. Sweden was one of thirteen neutral States of the First World War which became original members of the League of Nations.

Her entry into the League was a form of deviation from the deliberate policy of neutrality that she had held to during the twentieth century and had reinforced strongly throughout World War One.* However, the Swedish experience with the League demonstrated that she was anxious to maintain her traditional foreign policy in spite of her membership in the League. "The Swedish attitude had been revealed already by its negative view of military sanctions when entering the League. It was also manifested in the Swedish support for efforts to accept new members in the organization. Sweden

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*After World War One, Swedish politics were dominated by the parties of the Left, the Social Democrats and the Liberals. For these parties, it was a matter of course that Sweden should join the new peace organization.
did not want to be identified, because of its membership in the League, with any particular set of powers. The fundamental interest of Sweden was marked by its consistent efforts to support principles of international law when conflicts were referred to the new peace organization.

By the early 1930s, the League's inability to cope with outbreaks of hostility was apparent. The Italian conquest of Ethiopia and the Spanish Civil War brought the reality of failure to the members of the League. In 1936, Sweden, along with several other nations, renounced her obligation to the Covenant. Besides returning to her former policy of neutrality, Sweden halted her disarmament program and once again began her program of defense to protect her neutrality.

At the outbreak of World War Two in September, 1939, Sweden immediately declared that she would remain neutral. Throughout the war, she constantly protected and nourished her neutrality in the face of possible German attack and despite accusations by both sides that she had violated that neutrality. In actuality, Sweden did violate her neutrality on several occasions during the war. These violations were a result of either necessary political concessions (allowing Germany to transport her troops across Sweden) or humanitarian efforts (aiding the Finns materially and diplomatically
in their desperate fight against the Russians in the "Winter War" of 1940). She also helped train Norwegians and Danes as part of the underground movement in those countries to rid them of the Nazi Occupation. By the end of the War, especially after her involvement in the Russo-Finnish War, Sweden no longer had a strict neutral policy. In reality, her position was more that of a non-belligerent than that of a neutral.

**Swedish Post-war Neutralism.** Since the Second World War, Sweden has been much worse off strategically than she was after the First World War. By 1945, her politico-military situation had deteriorated considerably. Whereas in 1919 a balance of power had existed in the Baltic between Russia and Germany, after 1945, the entire area was under Soviet control. The Russians had moved into parts of southeastern Finland, had absorbed the three Baltic States and held military control over the Polish and German Baltic coasts. The Soviet semi-encirclement of Sweden was completed with a base at Petsamo and absorption of the Konigsberg area.

More important than this was the shift in the center of gravity in the international balance of power. The new balance of power between the United States and the Soviet Union clearly limited the scope of free action on the part of a small State and rendered less favorable the prospects of neutrality. This did not, however, cause the Swedes, on the whole, to abandon their traditional policy of neutrality.
There still were compelling reasons for keeping it. One author argued,

For Sweden, very definite reasons could be cited for a continuation of the policy of neutrality. Sweden could best promote world peace by keeping outside all power blocs and great power alliances... Such a policy would mean a continuation of the policy of neutrality during World War II and previously. Sweden had an exposed position. If it were to become a member of a great power bloc it would form a frontier area within this bloc and as such might be exposed to the first blow in a conflict.  

Another author stated,

Abandonment of a policy of neutrality would certainly transfer the area into a theatre of war; perhaps even an important one, whereas neutrality could possibly permit the belligerents to ignore Sweden.

By 1948, the Swedish government had definitely decided to pursue a policy of non-alignment or neutralism. It rejected offers to join both the Brussels Pact and NATO, desiring to remain free and independent of any power bloc entanglement. In some quarters, it was emphasized that "A characteristic feature of our 'non-alignment' is that we, in case of war, are not committed to any specific course of action....It is a vital interest to our country that other powers conceive our policy as...directed towards keeping the country outside a great power war." Official government messages to the Parliament.

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*The American project to create NATO raised a serious debate in Sweden. The Swedish army leaders argued that the military basis of Sweden's traditional policy was now untenable, given the considerable power of the Soviet Union. The government leaders replied that they must consider political as well as military aspects of the situation. They pointed out that Sweden's neutrality did much to allay Soviet...*
(Riksdag) confirmed such a course:

The Swedish people, no less now than before, feel themselves invited to go to a front which means that we engage ourselves in the cold war which is on. The fact that Sweden has been able to preserve her peace for 135 years undoubtedly has a strong psychological influence on the attitude of the Swedish public. During this long period Europe has been shaken by tremendous wars without Sweden being involved. Whatever the explanation for our escape may be our people cannot in any case lightly be convinced that our security now should force us to cast away neutrality as an abortive and antiquated policy. 8

The risk that Sweden will be dragged into the war in case of an East-West conflict is very great but there is a probability, albeit a small one, that we will be able to hold ourselves outside of the war. As long as there is the smallest possibility of avoiding the nation's destruction, advantage of it must be taken. 9

The policies that emerged out of the early post-war years have remained intact although they have been modified whenever necessary. Sweden's policy has remained grounded upon two main points of view. According to Osten Unden, "The first mainpoint is that Sweden ought not tie herself to a....Great Power alliance. The second main point is that suspicions, and that Soviet hostility would be too high a price to pay for limited military assistance from NATO. The government also argued that Soviet reactions to Swedish membership in NATO most certainly would include a threat to the sovereignty and independence of Finland.
we wish to take part in and to further all fruitful international cooperation outside the sphere of the military."

She has a policy of neutralism in the simplest sense, that of non-alignment in the cold war. It is an active policy for peaceful purposes, working internationally through the United Nations, and is also a liberal and pragmatic policy of neutralism created as an instrument to promote the interest of the country. Its main aim of non-alignment in peace is directed toward preserving neutrality in war. Yet, Swedish neutralism rejects the idea that non-alignment must be combined with ideological neutrality. Because of her history as a democracy and her liberal traditions, she is tied to the West, and to talk about absolute Swedish neutrality is a bluff which fools neither side in the cold war. Her historical enemy is Russia, and the Swedes have reacted aggressively to the Soviet Union's activities in eastern Europe. Yet, they also object to the United States' presence in Vietnam, in the attempt to counter communist accusations of "false neutrality."

Above all, Sweden follows a realistic foreign policy principle of national self-interest. She has not allowed the implementation of an international organization of collective security embodied in the United Nations to create false hopes of a lasting peace, as did the League of Nations. Indeed, Sweden practices a policy of armed neutrality. Directly after
the decision was made in 1949 to reject NATO membership. Sweden embarked upon an armaments program which was intended to achieve a position of strength, one which would deter aggression. The government itself, in a message to the Riksdag on February 9, 1949, admitted that the policy of non-alliance confronts Swedish defense with great demands. It has to seek an appropriate balance between the needs of diplomacy and defense. "In our opinion the policy must aim at pacifying our territory in such a sense that this territory is not disposed of by another power for military preparations."

By 1954, her defenses were impressive. She had the fourth largest air force in the world. She manufactured her own armaments, making her completely independent from others for her weapons. Her munition factories were among the most modern in the world, turning out highly respected war materials. Also, by 1954, Sweden could mobilize six hundred thousand men for her army within the period of a few days. More recently, she has built underground air raid shelters. "Operation Granite," a program of blasting out atomic bomb shelters in solid rock, has provided Sweden with as complete a civil defense system as is to be found anywhere. This project also built hardened missile sites for Sweden's missile forces. Except for fuel, Sweden's
defense establishment is completely independent of any other nation, a circumstance which is very compatible with an independent foreign policy. She is prepared to defend her neutrality by causing those who would violate her status to pay a high price for their aggression.

Sweden's non-alignment policies in the cold war do not deter her from actively participating in causes concerned with promoting international peace and cooperation. Since her entry in 1949 into the United Nations, Sweden has been a source of leadership and resources for that organization. Through the United Nations, Sweden has been able to participate actively in international politics and still remain unattached to any power bloc in the cold war. In this way, she can pursue her policy of active neutralism while searching for ways to overcome the tensions of the bi-polarization of power.

Sweden has served the cause of peace through the United Nations several times in the past twenty years. She sent medical staffs and supplies into the Korean conflict and peacekeeping forces into the Middle East during the 1956 Sinai crisis. Again, during the Belgian Congo Crisis of 1960, Swedish forces were in the United Nations' contingent. By 1964, over 10,000 Swedes had participated in United Nations' peace forces, including tours of duty in Israel, Lebanon,
Congo, Kashmir and Cyprus. Two prominent Swedes have lost their lives serving the cause of the United Nations. Count Folke Bernadotte and Dag Hammarskjold both died while officially representing the United Nations in different parts of the world.

While it was true that the actual joining of the United Nations represented a second departure from the strict policy of neutrality pursued by Sweden beforehand, her consistent practice of non-involvement in great power disputes within the organization has allowed her to retain her impartiality to some degree. It is Sweden's policy not to participate in any United Nations' action which does not have the full agreement of all Security Council members. In this way, she does not become caught between the rival blocs existing in that organ of the United Nations. It is a policy which expresses solidarity with the international community in its search for peace and, at the same time, allows Sweden to follow her traditional policies of non-alignment and neutrality.

Each Swedish foreign policy decision which has been made over the past twenty-five years has not been without opposition in Sweden. Although she has maintained a tradition of neutrality, there are forces within the country who feel

*Sweden's League of Nations membership was the first departure from strict legal neutrality.*
that the rapid change in international politics after the
Second World War dictates that Sweden become aligned to a
power bloc in order to preserve herself in the event of
war. These sentiments have been strongly supported in the
Riksdag, especially during the NATO debate. However, it
is clear that since the war the policy of non-alliance
has had the support of an overwhelming majority of not only
the parliament but also of the general public. This majority
has embraced many different shades of opinion which can be
classified into three groups.

The attitude of the first group is one of pure neutrality.
It has its foundations in the pacifist position. Its attitude
is dictated as much by the hatred of war as by the feeling
that Sweden cannot influence the policies of the great powers.
"The arguments of this group have gradually become not so much
a plea for that freedom of action which can be ascribed to the
expression 'freedom from alliance' but rather a defense of
neutrality as a goal in itself."13 Among the supporters of
this policy are farmers and working classes who cling most
reverently to the tradition of neutrality.

The second group puts emphasis on non-alliance in order
to have freedom of action. It characterizes neutrality at
any price as out of date and divorced from reality. It has
been its aim to keep Sweden out of great power conflicts as
was demonstrated during the debates over Sweden's United Nations' membership and sanctions against China in Korea. "The position of this second group can be explained for the most part by a general anti-communist sentiment and anxiety over Sweden's greater vulnerability and defenselessness in this age of air warfare and atom bombs." This group gains support from conservatives and liberals and also from some military circles.

Finally, a third group has emerged recently. This group, often called "the third force," recommends a purely neutralist policy. Its position is based partly on criticism of the United States—which has often been identified with anti-socialism—and partly as an attempt to distinguish positive achievements of Communism. It claims that Sweden ought to strive for a genuinely neutral policy that seeks to reconcile the two opposing blocs.

In general, Swedes support the policy of neutralism which has been adopted by their government. They also have come to support the idea "that the uncommitted, in many respects privileged position of Sweden also imposes definite obligations of serving the cause of international peace." Consequently, they have demonstrated a remarkable willingness to help insure the neutrality of their country by supporting the nation's defense programs and, at the same time, to serve
the international community through the United Nations.

Summary. The Swedish approach to neutrality in the cold war has been a pragmatic and liberal one. It is pragmatic in the sense that Swedish neutrality serves the best interests of that small European State. It adopts policies which expand her trade, it pursues programs of international cooperation which result in favorable relations throughout the world and it serves the interests of the Nordic region by stabilizing, through its non-alliance posture, a potentially explosive area. The Swedish approach to neutrality is liberal in its application. Sweden does not permit the strict and rigid international laws of neutrality to serve her as guidelines for policy. She follows those policies which are suitable to the specific conditions of the cold war. And yet, she finds herself limited by her policy of non-alliance as is evident when she considers joining organizations of western Europe which require political or military integration. She can seek membership only in those organizations such as the European Free Trade Association and the Organization for Economic and Cultural Development whose concerns are purely economic. Sweden also finds herself stifled in many cases by her neighbor, Finland. Fear of a Soviet invasion of Finland has caused the Swedes to move cautiously in their relations with the West in order not to provoke Russian ambitions in Finland.
The essence of Swedish neutrality rests in the prospects of remaining out of war. It is the central concern of all Swedish officials and citizens. As Tage Erlander states, "We hope that our neutrality in peacetime will make it possible for us to be neutral in war. A big nation always knows it will still be alive after a war. For the small nation like ourselves, war is the catastrophe that may mean the end."16 He also observes that, "For the time being, the Swedish citizen consoles himself with the thin hope that the next war might be a short one. If only Sweden could sit out the first ten days, there might be no more need of joining an alliance."17 If Sweden is to realize its goals concerning neutrality, it must constantly demonstrate to the international community that its neutrality is real, and that it is pursuing a policy which is credible and practical in the world today. Torsten Nilsson concludes that,

An essential condition determining whether a policy of neutrality can be maintained when put to the test is of course that the rest of the world must have confidence in the will of the neutral state to uphold unfalteringly its line of foreign policy chosen. The neutral country must each day exert itself to build up and cherish this confidence. Firmness and consistency must be shown by the representatives of the policy of neutrality. We must make it clear by words and deeds that it is our intention in the event of war to use the freedom of action we have preserved in peace-time to assert our neutrality. We must not give the Great Powers any grounds for suspecting
that Swedish territory may be placed at the disposal of another Power and form a base from which an attack could be launched. Our foreign policy must not be drawn up so as to give rise to suspicions in the country of one Great Power or expectations in the country of another. It must be possible to rely on the policy we have chosen. Thus in this respect our foreign policy aims at gaining and retaining the confidence of the Great Powers.13
CHAPTER V
FINLAND AND NEUTRALITY

History. The experience of Finland with a foreign policy of neutrality has been more difficult and more inconsistent than that of Sweden. The reasons for this are twofold. First, Finland did not win her independence from foreign domination until rather recently. Finland has enjoyed independence and sovereignty only since the downfall of the Russian Tsarist regime in 1917. As one author aptly puts it, "The revolution gave the Finns their chance to break loose from Russia and end their status as a duchy which had lost its autonomy during a period of severe repression." Consequently, Finland has controlled her own foreign policy for only fifty years. In such a short span, she has not been able to build upon a tradition of neutrality. Because of this, the credibility of her neutrality has been constantly under suspicion from other States simply because it has not been demonstrated to them over a long period of time that the Finns are dedicated to the principles of neutrality. And until their dedication was proven by their actions, the Finns were looked upon as opportunists in international politics whose claims of neutrality could not be taken quite as seriously as those of Sweden or Switzerland. This remains true even though, as Ralf Torngren says, "...throughout 150
Years of nationhood one central idea has dominated Finnish thinking in foreign affairs--neutrality."^2

Secondly, Finland's close proximity to the Soviet Union with which she shares seven hundred miles of border has forced her to follow policies compatible with the Soviet Union's security interests in Scandinavia, but which do not jeopardize Finland's independence. At different times, Finland has been forced to modify her neutral status either because she needed outside aid against a Soviet Union threatening to end Finnish independence, or because she had to acquiesce to Soviet security interests through bi-partisan treaty agreements. As a result of these two circumstances, Finnish neutrality has been coloured by inconsistencies and deviations from the norm. Yet, her dedication to neutrality has never waned. It has only suffered when conditions warranted digression.

The inter-war period brought a stern test for the newly independent Finland. Even though power in Russia had changed hands, and the new Soviet government had agreed to the Treaty of Tartu in 1920 (which recognized Finnish sovereignty over the Petsamo region in the north), the memories of Tsarist repression could not be erased. Russia remained, in Finnish eyes, the natural enemy of the country's freedom. "The Bolsheviks were suspected of relying on subversion to bring
be back to the Soviet Union what had been lost by Russia. 3
To the Finns, the only bulwark against this new threat of Communism seemed to be the Kaiser's Germany whose armies, at the end of 1917 and early 1918, were masters of eastern Europe. The Finns made the decision in January, 1918, to anchor Finland's foreign policy to German support by electing a German prince as King of Finland and by inviting German troops onto Finnish soil.

This policy collapsed with the fall of Germany in November, 1918. By this time, Finland had become compromised in the eyes of the Western Powers. A complete turnabout in Finnish foreign policy was necessary. Consequently, all ties with the Germans were broken. This action brought recognition of Finland's sovereignty by the United States, Britain and France in May, 1919. Subsequent settlements with Russia of border claims through the Treaty of Tartu established acceptable relations with that neighbor.

With the recognition of the Great Powers and membership in the League of Nations, * the establishment of the identity of Finland as an independent State was complete. Having cut off her early bonds with Germany, Finland was then free of foreign political commitments. This had obvious advantages; it also bred a feeling of insecurity. Yet, an attempt to draw

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*The Finnish government, like other newly independent States, believed that membership in the League would give an additional guarantee to its independent status. This belief greatly influenced Finland's decision to join.
Finland into a Nordic security arrangement failed to pass in Parliament. "A substantial majority was reluctant to let the country be involved with nations with whom Finland had little in common. This reaction contained the seed of a policy of neutrality." 4

However, there were currents within Finland which were far from neutral. Nationalists clamoured for liberation of all Finnish-speaking people inside Russia. Moreover, antagonism between the Finnish-speaking majority and the Swedish-speaking minority in Finland disturbed relations with Sweden and other parts of Scandinavia. Max Jakobson wrote, "Finland in the 1920's was undecided, as it were, whether she belonged to Scandinavia or the Baltic States. Her foreign policy in this period is hard to define. Indeed, there was no foreign policy to define: the League of Nations was supposed to look after the security of its members." 5

The 1930's brought increasing problems to the international community. The rise of totalitarian power in Germany and Italy brought increasing disillusionment with the League of Nation's ability to cope with such a menace. Left unprotected by the imminent collapse of the collective security system, Finland began a search for security. What the Finnish leaders desired was a policy of peace and friendship toward all and no involvement in any of the conflicts of the
Big Powers. Their first step toward such a policy was taken in 1932 when they signed a non-agression treaty with the Soviet Union. Then, in December, 1935, the Finnish Parliament approved a government resolution declaring Finland's adherence to Scandinavian neutrality. The resolution rang with the words: "Friendship toward all and entangling alliance with none." By this time, the official policy of the Finnish government was to preserve Finnish independence by developing a Scandinavian neutrality bloc. The neutrality of Finland could be best preserved in association with the other Scandinavian States of Sweden, Denmark, Norway and Iceland whose loyalty to the concept of neutrality was universally acknowledged.

A change in governmental leaders in 1937 opened a new era in Finnish foreign policy. The government was headed by President Kyosti Kallio, a member of the middle-of-the-road Agrarian Party. The new coalition also included for the first time the Social Democrats as partners with the Agrarians and the Liberals. This brought Finland in line ideologically with the rest of Scandinavia. It also greatly pleased the Russians, because the new government immediately set out to demonstrate that there was no Finnish-German cooperation on security arrangements. However, as tension in Europe increased, the Russians, fearful that the Germans would overrun Finland and, thus, use her as a stepping stone for an attack on Leningrad, began pressuring the Finns to accept Soviet protection and acquiesce to Soviet military operations on Finnish soil.
But Finland did not wish to substitute Soviet for German protection. She hoped, along with the other Scandinavian nations, that the belligerents in a war would bypass the Baltic region.

On the eve of war, Finland continued to demonstrate her neutrality. After relinquishing her obligations to the League Covenant, she and the other Nordic nations set up rules for a common neutrality. Finland also refused to sign the German non-aggression pact in 1939, and, even though she had agreed to some small compromises with the Russians, she continued to emphasize her neutrality to her neighbor.*

With the German attack on Poland in 1939, the Scandinavian countries declared their neutrality. But the negotiations among these northern nations to build some military underpinnings to the declaration of neutrality were going badly. Meanwhile, the Soviet Union continued to pressure the Finns for agreements which would insure Finnish and Soviet security in case of German attack. Yet, to yield to these demands would be inconsistent with Finland's neutrality, and so she refused. Her refusal caused the Russians to force their demands on the Finns for the sake of Soviet security.**

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*The Soviet Union, in the meantime, moved to guarantee her security interests in the Baltic Region. On August 23, 1939, Hitler and Stalin signed a non-aggression pact between their countries. This pact placed Finland within the Soviet's sphere of influence.

**The Soviets wanted to push the Finnish-Soviet border north in order to place Leningrad out of the range of modern artillery from the Finnish side.
Russians attacked Finland on November 30, 1939, to start the "Winter War."

Even though the Finns fought bravely and extremely well, the war could only end in their defeat. "The real problem for the Finns was to find the safest time and conditions for capitulation while mobilizing outside help. The peace of Moscow (1940), which ended this war, was only a signpost marking the beginning of a new period of pressure from the Russians and increasing counter-pressure from the Germans." The climax came when Finland was drawn into renewed war against the Soviets in June, 1942; this time on the German side. Once again compromised in the eyes of the Western Allies because she fought on the German side, Finland was to be left at the mercy of the Soviet Union when peace was finally reached in 1944.

For the Finns, this was unfortunate not only because of the harsh peace terms imposed on them by Russia but also because throughout the course of the war, Finland had continually emphasized that her conflict with the Soviet Union was separate from the bigger conflict raging in Europe. During the Winter War, she had solicited aid and arms only from neutral Sweden in the attempt to retain some semblance of her neutrality in the Big Power struggle. Unfortunately, when the second war with Russia broke out in 1941, Finnish
objectives had shifted from neutrality to one of regaining what it could from the losses of the Winter War. Thus, she could only expect to be chastized by the Allies at the end as a co-belligerent with Germany in the war against the Russians. Her desire for revenge left her open to the "Draconian peace" administered by the Soviet Union upon the cessation of hostilities.

Finnland and Cold War Neutralism. The development of Finnish neutralism can be categorized into three stages: the early post-war years from 1944-1948, culminating in the signing of the Finnish-Soviet Mutual Assistance Treaty in 1948; the period from 1948-1955, generally recognized as the rebirth of Finnish independence and neutrality; and, finally, 1955 through the present, a period of expansion and maturing for Finland's foreign policy of neutralism.

The fall of 1944 brought to the Finns the realities of wartime cooperation with the Nazi Germans. Defeated in the two-phase war of 1939-44, caused by two Soviet attacks, the Finns were left by the acquiescing Western Allies to accept, unaided, Russian armistice and peace terms whereby Finland was to be crushed without military conquest. The terms called for territorial concessions, destruction of German military capability in Finland and a huge reparations bill of $600 millions. It was the large reparations payment

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*Finnish forces were to withdraw behind the 1940 borders, and Petsamo was to be ceded to Russia.
that was most harsh in Finnish eyes, because it seemed to mean annihilating economic servitude which would eventually lead to default and occupation by Russian troops.

However, Finland did actually manage to avoid Russian occupation after the war, partly because Finnish military forces were still in fighting condition. The Russians by then knew of the Finns' determination to remain independent and did not want to face that resilience on the battlefield again. Yet, the threat was to remain for many years to come. Consequently, the most important problem facing post-war Finland was not the reparation, reconstruction and resettlement left by the war. The single most important task was the development of a credible foreign policy which would find acceptance with the Russians and would maintain Finnish independence and security. Half Torngren wrote, "The failure of neutrality in 1939 had 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. . . . The foremost task of Finland's post-war policy, therefore, was to gain and secure Soviet confidence in Finland as a peaceful neighbor."10

The initiation of a foreign policy with special regard to Russian interests came as a result of the election of Juho Paasikivi, a Conservative, as president of Finland in
1946. From that point on, Finland's foreign policy has been under the considerable influence of this man. It is he and his disciples who have forged the specific interests of Finland into a policy of neutrality and non-alliance through the past twenty-five years. There are many who claim that the "Paasikivi Line," as this policy has come to be titled, has enabled Finland to remain free and independent. It is surely responsible for keeping the Russian bear at bay, satisfying that nation's security interests in the North.

Paasikivi's policy was aimed at reassuring the Soviet Union that her vital security interests were acknowledged by the Finns. The "Paasikivi Line" is based on the assumption that the Soviet Union's interest in Finland is pre-eminently a security interest, and that occupation and satellization are not necessary to insure achievement of this objective. He, therefore, followed a conciliatory line toward the Russians. Even before he became president, he had held the view that Finland's security and preservation of independence rested on maintaining good and credible relations with the Soviet Union. In a speech on October 15, 1944, he addressed himself to this issue:

Dominating everything in Finland's foreign policy is our country's relationship with our big eastern neighbor, the Soviet Union. That is our real problem in foreign policy.... Finland's foreign policy must be directed in such a way in the future so as not to go against the Soviet Union.
Paasikivi also asserted that if the readiness and willingness to fight were made known to the world, Russia would respect Finland's independence. These ideas represented the beginnings of a policy of neutralism. However, it would not be until 1955 that Finland would be able to practice openly such policies. It had to first convince the Soviets that the Finnish adherence to such principles was credible.

In summary of these early Paasikivi years, it appears correct to say that Finnish foreign affairs were wholly dominated by a determination to avoid all things that might offend the Soviet Union. The pre-1939 Scandinavian orientation, so important in Finnish contacts with the outside world, was muted. The earlier policy of strict neutrality and no alliances with or commitments to the Powers still remained, but the anxiety to please Russia caused what many came to see as a new pro-Russian orientation.

The beginning of the second stage in the post-war development of Finnish foreign policy parallels the initial signs of thaw in Finnish-Soviet relations. By 1947, the conciliatory policies of President Paasikivi toward the Russians were showing definite results. The Soviet leaders demonstrated their pleasure with Finnish policies by easing war-reparation payments, giving numerous trade concessions and showing a rare tolerance for Finnish acceptance of loans.
from Sweden and the United States. Finland, on the other hand, continued to demonstrate her recognition of Soviet interests and, at the same time, collect credit towards a policy of neutrality. She refused to participate in the Paris Marshall Plan Conference in 1948 because:

...The Marshall Plan having become the source of serious differences of opinion among the Big Powers, Finland, desiring to remain outside the areas of conflict in Big Power politics regrets that it does not find it possible to participate in said conference.12

The start of the cold war brought more concessions by the Russians to Finnish desires for neutrality. They chose to treat Finland as an example of Soviet good neighborliness in the attempt to offset her ruthless actions to her neighbors in Eastern Europe.

In April, 1948, Finland and the Soviets signed the Treaty of Mutual Assistance. The preamble to this Treaty was important to the Finns because in it the Soviets acknowledged Finland's "desire to stay outside the conflicts of interest between the great powers."13 This was the first instance of Soviet acknowledgement to Finnish neutrality contained in public record since the war.

However, there were many people who accused the Finns of compromising their new neutrality by signing the Mutual Assistance Treaty. They said that it tended to color Finnish neutrality,
because it gave the Soviet Union rights of transit and lease of a military base in Finland. Others rose in defense of the Treaty. Ralf Torngren is one of those who contends that neutrality and the Treaty are compatible:

Purists may object that the commitments undertaken by Finland in the Treaty are incompatible with a neutral status. It must be remembered, however, that those commitments apply solely to the defense of Finland's own territory. In this, the Treaty is unique among the numerous security arrangements made by the big Powers and it is worth noting that an authoritative Soviet commentary has called it an agreement for the guarantee of neutrality to distinguish it from the mutual assistance pacts the Soviet Union has concluded with other countries. From the point of view of the theory of neutrality this may be an unorthodox interpretation. But the Treaty reflects the reality of the Finnish situation. It is indispensable for the creation of confidence without which the neutrality of Finland would be built on sand. 14

The second phase in the development of Finland's post-war neutrality ended in 1955 with the renewal of the Mutual Assistance Treaty. During this time, Finland continued to project herself as a legitimate neutral in the cold war while reassuring the Soviets that they did not contemplate any move which would threaten her security. By 1955, it was abundantly clear that, while her position was far from secure, Finland was not a hostage in the hands of the Soviets. In the ten years since the war, Finland had paid off her war debt to the
Soviets and was now ready to take an active role in the development of the world community. With her admission into the United Nations in 1956 and definite modifications in the "Paasikivi Line" due to the retirement of the old statesman, Finland now sought to pursue an active policy of neutralism.

The Soviet withdrawal from the military base at Porkkala in 1955 opened the way to international recognition of Finnish neutrality. So long as the Finns could not have full sovereignty over her territory, others would not recognize her claims for neutrality in case of war. Now, after ten years, that recognition was forthcoming.

It is felt by the Finns that as long as they follow the broad outlines of the "Paasikivi Line," the Soviet Union does not feel threatened and will respect Finnish independence. The post-Paasikivi government of Urho Kekkonen of the Agrarian Party, a strong supporter of the "Paasikivi Line," has continued to respect this fact. But it has also endeavored to modify and broaden that policy. While Paasikivi, through force of circumstance, had concentrated on improving relations with the Soviet Union, Kekkonen has ventured into the Western world and beyond. "It is in the area of Finnish-Scandinavian relations that one can say that President Kekkonen has stepped beyond the 'Paasikivi Line.' Finland's foreign policy is now
characterized by a 'line of active neutrality' which is in contrast to the more passive Paasikivi policy.\textsuperscript{15} Kekkonen's visits to the Western nations of Britain, France, the United States and the leading countries of the "Third World" have brought pronouncements of recognition of Finland's neutrality from those countries. This has done much to dispel the idea that Finland is a satellite of the Soviet Union. Soviet Premier Khruschev aided the credibility of Finland's neutrality with statements such as: "The policy of your state--a policy of neutrality and independence, a policy of the struggle for peace--favorably influences the setting in the northern part of Europe."\textsuperscript{16}

Through the above discussion of Finland's experience at neutrality, it can be argued that the Finnish concept of neutrality is a result and part of a historical process rather than the product of abstract thought. It is designed to meet the realities of power rather than the precepts of international law; it is a response to the challenge of external circumstances which link Finland to the West with ties of history, ideology and economic advantage, yet place her within the scope of vital Soviet security interests and within the immediate reach of Soviet military power. It is at the same time bold but restrained. It is bold in the sense that it ardently protects Finnish independence,
confessing to all its willingness and determination to remain free. Yet, it is restrained by the proximity of the Soviet Union and limited by shying away from big-power politics and refusing to take sides in the cold war. Max Jakobson wrote, "Finland has adopted a more rigorous concept of neutrality by proclaiming her determination to stay outside the conflicts and controversies between the Big Powers, not only in time of war but also in peace." The pattern of Finnish neutrality is demonstrated in her attitude toward the German question. She has chosen to recognize neither German State in the attempt to show her impartiality. Yet, she has managed good relations with both sides, having trade interests in the two parts of Germany. Neither does she recognize sides in Korea or Vietnam. "Any attempt to fit this policy (Finland's neutrality) into the framework of international law would be a desperate undertaking. But, in practice, it has served Finland well."

The Finnish experience in the United Nations has been much like that of Sweden. Through this international organization, the Finns have been able to broaden the "Paasikivi Line." Within the confines of the United Nations, they have worked for peace in the world and for the lessening of tension in the cold war. Membership in the United Nations has also
benefited Finnish claims to neutrality, as her actions in that organization lend credibility to her status. Finland considers her activities in the United Nations as her primary opportunity to practice "active neutralism." As long as she maintains her aloofness in Big Power conflicts, her status of neutrality cannot be questioned.

Finland has recently taken steps to bolster her neutrality by developing her domestic defenses. In 1961, President Kekkonen announced that: "Finland is moving toward a more sophisticated defense policy designed to support her policy of neutrality in moments of international crisis." She bought from the Soviet Union MiG fighter planes with air-to-air missiles. She has an acceptable air defense. But, of course, these measures will not insure her neutrality or security. Her policy is aimed at keeping out of war.

Summary. The Finnish practice of neutrality is strikingly similar in many respects to that of her Nordic neighbor, Sweden. However, the fact that she is an instrumental part of the Soviet security interests has made a great deal of difference and has been an ever-present burden on Finnish foreign policy. The Finns have always tried to demonstrate a willingness to develop cordial relations with the Russians. They have had a hard time convincing them of their sincerity. It is a tremendously frustrating position that the Finns are in, because, with every
decision that they make, they must take into account possible Russian reactions. Yet, they have adapted to the cruel realities of their circumstances and have managed to delicately place themselves in the enviable position of non-alignment and neutrality. Max Jakobson, in his book, Finnish Neutrality, explains the strategy and the rewards of the Finnish foreign policy:

Finland has consistently pursued a policy that has satisfied the Soviet craving for security. Finland has also maintained her independence and parliamentary democracy in the sense that the Western Powers understand these terms. Finland is friendly to the Soviet Union without being subservient; she is a Western democracy without challenging Soviet security. As a consequence, Finland has hardly even been mentioned in the disputes and quarrels between East and West; the cold war has passed her by.20
CHAPTER VI

SWITZERLAND AND NEUTRALITY

History. The history of Switzerland and her foreign policy of neutrality can easily lead to the illusion that there exists in the central part of Europe a genuine utopia, populated only by peace-loving and righteous people who over the past 150 years have done no wrong. Such an illusion can be readily accounted for if one considers the numerous conflicts and fight-to-the-death wars which have occurred all around this European mountain haven over the last 150 years. To be sure, much of the illusion can be verified. Switzerland has not been a battleground for any conflict in a century and a half.* She has managed to maneuver away from entangling alliances that could only have spelled her doom. Her people have come to look upon themselves as peace-loving as is consistent with their long tradition of neutrality in peace and war. Yet, when one delves into the particulars of Swiss foreign policy, it is readily determined that her neutrality and long tradition of peace are not based simply upon a love and yearning for peace. It is less fashionable but more accurate to explain

*Up until the end of the Napoleonic wars, Switzerland was involved in the conflicts of Europe.
Switzerland's successful experience at neutrality by exploring such factors as her geographical position, her geological advantages, the willingness of the big powers to recognize her policy as credible, her domestic anatomy and finally her readiness to defend her status with arms.

The notion of Swiss neutrality is older than the notion of a Swiss nation. It has deep roots in the history of the individual cantons as well as the Swiss confederation. The term "neutrality" was first used in an official document in 1536. But the origins of the official policy are usually traced to a declaration of the Federal Diet in 1674 to the effect that Switzerland intended to adopt a "neutral position" in the war between France and the Netherlands. This declaration was an attempt by Swiss statesmen to protect their country from entanglements in the recurring wars that were characteristic of the European balance-of-power system. However, neutrality at this time was as much a necessary condition of internal stability as of external security. For a country which contains three official languages and two religions and whose unity is achieved only by due respect for all these different elements, neutrality in foreign affairs was and is a necessity. The Swiss experience with the diverse elements of religion in the seventeenth century demonstrated this fact.
As Peter Lyon stated, "The Swiss could only retain their identity and their freedom in diversity by a policy which accommodated theological differences within the Confederation but forbade an active bias towards one's co-religionists abroad."²

These early beginnings of Swiss neutrality were further enhanced by several other factors. Geographically, Switzerland is situated in Central Europe, a position which would tend to make her a pawn in the power politics and struggles of that continent. Fortunately for the Swiss, her powerful enemies of France, Austria, Spain and the Netherlands nullified each other's designs on Switzerland by maintaining a precarious balance of power in that region. Other elements are more conspicuous. The mountainous topography of Switzerland makes it difficult to successfully invade this country by foot without sustaining heavy and, in most cases, unacceptable losses. Switzerland is essentially a mountain fortress with almost impregnable natural defenses which have stood the Swiss in good stead these many years. The absence of any natural resources to capture and the military preparedness of the Swiss army also helped to guarantee her policy of neutrality from its very beginning. Yet, despite these advantages, Swiss neutrality was stymied by her involvement in the Napoleonic wars of 1798-1815. As a result, the contemporary period of
Swiss neutrality dates from the Congress of Vienna of November 20, 1815, which established the permanent neutrality of Switzerland as guaranteed by the Great Powers. Cyril Black writes:

In 1815 the Congress of Vienna agreed on the neutralization of Switzerland as part of a general settlement after the bloody upheavals that had been touched off by the French Revolution and Napoleon's drive for a continental empire. The powers assembled at Vienna were concerned with stabilizing the European system, which to their way of thinking at the time was the core of the international system. The neutralization of Switzerland though only a small part of the total settlement, was a conscious act of preventive diplomacy. It was meant to thwart any upset of the new balance of power, particularly an upset engineered by any power or coalition of powers conquering or bringing into a military alliance this small country which had common boundaries with France, Austria and several German and Italian states and which controlled vital lines of communication.

Through the declaration at Vienna, the status of Swiss neutrality was established as it largely remains today. The importance of the Congress of Vienna rests in the fact that for the first time the permanent neutrality of a small State became part of the law of nations. More important to the Swiss was that from the Great Power acknowledgement of their neutrality came the implication that Switzerland had ceased to be a keypoint in the European order. This implication arises directly from the 1815 Congress of Vienna. "The signatory Powers recognized the neutrality of Switzerland and proclaimed that her inviolability and her independence
from any influence are in the interest of Europe."

While the 1815 Agreement obligated the Great Powers to guarantee the neutral status of Switzerland, the Swiss also were made accountable to such actions intended to demonstrate her commitment to that status. She was obligated, as is any sovereign State which has been neutralized by international agreement, to refrain from using its military forces for any purpose other than self-defense or the maintenance of international order, to stay clear of any military or political alliance, and to refrain from allowing other States to use her territory for military purposes.

Even though the Agreement was unique in the sense that it sought to insulate Switzerland against certain forms of international rivalry and was to be a technique for conflict avoidance, it was not a drastic changeover for the Swiss. The principle of neutrality embodied in the 1815 Agreement had firm roots in Swiss policy. It was more the formalization of existing Swiss policy than the creation of a new policy. Indeed, although from a legal standpoint the neutral status of Switzerland is based on the treaty of 1815, from a practical point of view, it is an example of self-neutralization rather than neutralization by international
guarantee. In fact, the irony of this is that as time passed, the so-called guarantors of Swiss neutrality noted in the 1815 treaty became the principal threat to her neutral status. Switzerland could less and less depend upon the Great Powers for security. She finally came to rely upon her own forces of defense as her guarantor.

Since 1815, the Swiss have sought to maintain a consistent policy of neutrality. It has not been an easy task. With the continent of Europe continually embroiled in one conflict after the next, Switzerland has often found herself pushed to the brink of war. This was especially true in 1914 and 1940 as the German High Command in both were seriously considered invading Switzerland. Yet, the Swiss managed to escape, their neutrality unscathed and, in fact, enhanced because of their unwillingness to compromise their status in spite of considerable danger.

Swiss neutrality was also reinforced over time because of her role as a center of international finance and commerce and as headquarters for a wide variety of international organizations. Up until the end of the Second World War, Switzerland had made only one concession or deviation in her neutrality. That was her membership in the League of Nations after World War One. Even this move can hardly be
considered a deviation. Switzerland joined the League under special circumstances 'intended to maintain her neutrality, yet which allowed her to participate in that organization.

Post-war Foreign Policy. Switzerland, like Sweden, is a neutralist State in the sense that she is not a member of any cold war alliance. Only in this limited yet important respect can she be considered neutralist, for the vast majority of her citizens consider themselves a part of the Western world. In the years of the cold war, the Swiss still cling to their cherished national traditions of non-involvement in military alliances in peacetime and of neutrality in war. In order to demonstrate the consistency of her neutral stance, we can examine the official interpretation of neutrality adopted by the Political Department of the Swiss government on November 12, 1954. In it, we can see the guidelines of the past and present policy of Swiss neutrality.

This document begins by noting the essential difference between customary and permanent neutrality. The former involves only non-participation in war between States, while the latter requires neutrality in time of peace as well as in time of war. (The Swiss consider themselves under the commitments of permanent neutrality as guaranteed by the Great Powers in 1815.) The document then goes on to explain the principal obligations of a permanently neutral State in time of peace.
They are: "...to abstain from starting a war, to defend its neutrality, and to avoid policies and actions that might on some future occasion involve it in hostilities."  

More specifically, the Swiss interpretation states that a permanently neutral State must not adhere to any treaty, including defensive treaties and collective security arrangements. Nor must it conclude any military agreements. The restriction on ties to other States is limited to political and military ties and does not, in the Swiss view, extend to treaties for nonpolitical or humanitarian purposes. Participation of the permanent neutral in international conferences and organizations with universal membership is questionable in the Swiss interpretation because of the rival political groups which may exist in such organizations. This point of view explains, in part, the Swiss refusal to join the United Nations, although this question is still open for debate within Switzerland.* While they hold this view, the Swiss carefully confirm their right to offer their good offices or mediation even during hostilities without hindering their impartiality.

Economically, a permanent neutral must not enter into a customs or economic union which limits her political activity. To do so might see the political involvement of the permanent neutral with other States. Finally, the document concludes that the obligations of neutrality should be narrowly interpreted, and that "...when Switzerland undertakes policies that

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*See pages 74 and 75 for reasons why Switzerland joined the League of Nations.
beyond those called for by customary or permanent neutrality, they should be regarded not as the fulfillment of obligations, but as measures designed to strengthen the confidence of belligerents in the institution of neutrality."

With a close examination of the specific actions of the Swiss government since 1945, it becomes apparent that Switzerland's neutrality is consistent with the above interpretation. It is especially true upon examination of her adherence to the three obligations of a permanent neutral in peacetime. She has started no wars nor was involved in any during this period. The backbone of her neutrality is her adherence to armed neutrality, and she has taken steps to update her defenses. Finally, her refusal to join the United Nations is in the strictest sense her pursuit of non-involvement in the power politics of the international community.

Switzerland's Armed Neutrality. Even though the Swiss have avoided actual military conflict for a considerable time, they have not been lulled into thinking that it is simply because they are a peace-loving people. From the early days of their neutrality in the European wars of the eighteenth century, they have constantly been prepared to defend their country should the need arise. Even after the Great Power guarantee of Swiss security was given at the Congress of Vienna in 1815, the Swiss maintained their highly respected
military preparedness in case that guarantee failed to materialize. It has already been noted that because of her efficient army and mountain fortifications, Switzerland escaped German invasion in 1914 and 1940. Through these years, the task of maintaining an efficient, modern, up-to-date military defense capability has constantly occupied the Swiss government. As a result, Switzerland has never been a burden on her neighbors for defense. She has always remained self-reliant for her security. By arming her mountain redoubt to the teeth, she has been able to ward off all aggressors by simply raising the cost of her capture to a point where it has, until now, been completely unacceptable to an invader. It is a policy which has the full support of the Swiss people. It is a policy which has instilled pride in them, because the guarantee of the guarantor States has lost much of its meaning. Moreover, it is a policy which has worked.

However, the advent and use of air power during World War Two produced a serious challenge to Switzerland's formerly impregnable mountain fortress. With air power, it is no longer necessary to go through the teeth of the Swiss defense. It is now possible to fly over it and drop bombs into the Swiss valleys.* Moreover, with the arrival of the nuclear

*It is the same situation which the British found themselves in. The realities of German air power over London during World War Two made the British realize that suddenly the English Channel, in a sense, had dried up.
bomb, the whole question of Swiss security and independence can be settled with a few well-placed bombs. It is a circumstance which has threatened to shatter Switzerland's armed neutrality ever since World War Two.

Nevertheless, the Swiss have attempted to cope with these new realities of the Nuclear Age. It has required a complete revamping of Swiss defense strategy. They can no longer depend upon the Alps' mountain ranges surrounding the Swiss valleys to protect them in the same manner as before. The Alps can and do serve a valuable service to the Swiss' new concept of defense, however. Besides their historic role as protector against land invasion, the Swiss use the mountains for storing foodstuffs and war material in their vast natural caverns. They serve as bomb shelters and as a natural civil defense system. The Swiss also use the mountains for their air defense system. They have hardened missile sites and anti-aircraft gun emplacements strung throughout.

In the early 1950's, the Swiss military planners devised a new strategy for defending Switzerland from the modern weapons of war. Instead of the old strategy of a "static defense," where the army would hold off the invaders as long as possible and then retreat to a mountain redoubt, the new concept calls for increased flexibility in the armed forces.
The new army was to be a mobile one, having the capacity to move quickly from one Swiss frontier to the other. More importantly, the Swiss built up their airforce. In 1950, they bought 100 British Hunter jet fighters to bolster their air capabilities.* They have placed heavy emphasis on civil defense by employing radar with infrared equipment, not only in the mountain areas but also in the valleys. It is estimated that at least one-tenth of the population serves in the new mobile civilian army. More recently, Switzerland has outfitted her forces with tactical nuclear weapons to fully modernize her fortifications. In 1954, over 400 million Swiss francs went for defense, and that figure is now undoubtedly higher. Finally, ground-to-air and air-to-air missiles are stockpiled in the mountain caverns along with the conventional weapons of war.

Given these improvements, it would seem that the Swiss have maintained a credible defense in spite of the new circumstances facing them. But, that credibility has yet to be tested, and until it is, the traditional Swiss policy of armed neutrality remains in abeyance. Yet, having nothing to replace it, the Swiss must depend upon it for their security, if they hope to remain neutral.

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*In 1962, the Swiss ordered from France the Dassault Mirage III fighter jet.
Switzerland and International Solidarity. In many circles, it is a little known fact that Switzerland does not belong to the United Nations. Such a circumstance raises genuine surprise upon its discovery, because the Swiss have the reputation of being the most pacifist and humanitarian people in the international community. Therefore, it is automatically assumed that the Swiss would be a stalwart supporter of an international organization such as the United Nations whose announced purpose is peace. This assumption is not far from correct, because the Swiss have chosen to support the United Nations from without. This position is predicated on two elements; first, Switzerland's experience as a member of the ill-fated League of Nations and secondly, the political nature of the United Nations as suggested by its charter.

In 1920, Switzerland joined the League of Nations after a bitter domestic debate resulted in a narrow victory at the polls for the proponents of membership. The controversy over membership actually arose because of the obligations of members to employ sanctions against an aggressor State. Such provisions are noted in Article 16 of the Covenant:

1. Should any member of the League resort to war on disregard of its covenants under Articles 12, 13, or 15, it shall ipso facto be deemed to have committed an act of war against all other Members of the League, which hereby undertake
immediately to subject it to the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the prevention of all financial, commercial or personal intercourse between the nationals of the covenant-breaking State and the nationals of any other State, whether a Member of the League or not.

2. It shall be the duty of the Council in such case to recommend to the several Governments concerned what effective military, naval or airforce the members of the League shall severally contribute to the armed forces to be used to protect the covenants of the League.7

This requirement is completely incompatible with the obligations of permanent neutrality as practised by the Swiss. But the League decided to make an exception for Switzerland in order that she might join. Under the new arrangements, Switzerland was not bound to participate in military operations or sanctions instituted by the League. However, she was bound to participate in economic sanctions. These measures were taken on Switzerland's behalf in order that she might maintain her neutrality while participating in the international organization. "This compromise arrangement was referred to as 'differential' or 'qualified' neutrality."8

The Swiss found membership in the League an uncomfortable position even with their "associate" status. The Swiss' participation in purely economic sanctions was not without its political trappings. The failures of the collective security system resulted in the "political" application of
economic sanctions so that those States participating in such actions were involved in political dealings. Switzerland was in danger of losing her neutrality if she continued along this course. In 1938, no longer able to accept these conditions, Switzerland requested to be released of her obligations to the Covenant. She was restored to her former status of "unqualified" neutrality by the League.

When the question of membership in the United Nations arose after the Second World War, the experiences of the League were still fresh in the minds of many Swiss who feared infringement upon their neutrality. The second basis for the Swiss rejection of United Nations' membership lies in the basics of the Charter. Although the Charter is more flexible than the Covenant, there are, nevertheless, serious problems regarding the compatibility of membership in the United Nations and permanent neutrality. Under Article 43, members may be called upon by the Security Council to apply military and economic sanctions against any State found guilty of a breach of peace. Furthermore, Articles 2, 3, 41, 42 and 43 of the Charter show plainly that its spirit and text are opposed to a fundamental neutrality such as is and has been for 150 years, the cornerstone of Swiss foreign policy. Article 41 implies that members of the World Organization are
ound to give the United Nations every assistance in any action it may take and to refrain from giving assistance to any State against which the United Nations are taking preventive or enforcement action. Furthermore, it was one of the conditions of admission to the San Francisco Conference in 1945, at which the Charter was adopted, that States demonstrate their desire for peace by declaring war on Germany and its allies.

Much of the Swiss argument for not joining the United Nations was discussed in 1946 by William E. Rappard, an authority on Switzerland. Rappard's position is based upon his study of the powers given to the Security Council by the Charter. He finds that all nations, when they join the United Nations, surrender to the Security Council their right to peace and war. (This being true of all nations except the five big powers with veto power in the Security Council.) Moreover, he asserts that "...for Switzerland to consent to act upon the instructions of the Security Council, a body on which it is neither directly nor indirectly represented, would be to forfeit its claim to national independence." He further argues that the United Nations should not ask Switzerland to abandon its neutrality, and that Switzerland

should be given some kind of United Nations' "associate" membership along the lines of the League's compromise.

He feels that there is a valuable place for Swiss neutrality.

There was also great reluctance by the Swiss to accept membership in the United Nations because of the power politics inherent in any organization of universal membership. It was felt at this time that the United Nations would be a political organization, and that it would be practically impossible for the Swiss to remain outside the political arena should they join. (The basis for this argument has largely been eroded by the success of other neutrals in the United Nations to remain outside the politics of that organization. Also, the United Nations has not turned out to be as politically oriented or active as was previously predicted.)

Because of these and other reasons,* the Swiss have not applied for membership in the United Nations. Though the debate over this issue continues even today, the conflict between neutrality and internationalism has been solved or overcome by the Swiss acceptance of a humanitarian and other non-political missions. Although she does not belong to the United Nations, Switzerland is one of the most

*A sample poll of Swiss citizens resulted in these findings: 52,000 polled.
In favor of unconditional neutrality: 58.8%
In favor of United Nations membership, b.t keep neutrality: 28.2%
In favor of abandoning neutrality: 3%
"International" countries in Europe; one of the most open to the external world. The Swiss consider it their duty to ease the plight of the world. Moreover, "Switzerland is so well aware of the danger of being imprisoned in its neutrality...that it does not neglect any occasion for making effective, whenever possible, its participation in an international organization." Among her many memberships in international organizations affiliated with the United Nations are membership in the United Nations Educational, Scientific and Cultural Organization, the International Refugee Organization, the International Court of Justice, the Food and Agriculture Organization, the International Postal Union, the International Labor Organization and many more. Geneva has been called the "International City," because many of these organizations have their headquarters located there. The most significant of these is the International Red Cross.

Finally, "Switzerland seems almost as if fated by its geographical situation, as well as prepared by its history, to fulfill the international duties closest to the root idea of neutrality." In fact, the Swiss consider international solidarity as the natural complement of neutrality: the only means of giving it positive value and the only way to reconcile the need for security of a small nation with the promotion of an international community. It is these goals that the Swiss tirelessly pursue outside the confines
of United Nations membership.

Summary. Our discussion of Swiss neutrality has failed to distinguish major differences resulting from the advent of the cold war from those of her historical period. Such a distinction was necessary with the policies of neutrality of Sweden and Finland. However, in most respects, the cold war has not been a major influence for change in Swiss policies. Since 1815, under the form of permanent neutrality, Switzerland has clung to neutrality in times of peace and war. Moreover, her claims have for the most part been respected by the international community throughout the many changes in the political climate. In fact, her concept of neutrality has come to serve as the example for those States portraying themselves as neutral in the cold war. It serves as a credible example to follow, because Swiss neutrality is held in great esteem, both inside and outside of the country.

Although Switzerland refrains from involvement in international politics, hers is not a policy of isolation and never has been. Because her neutrality has the confidence of the international community, she does not find herself limited to those policies of strict neutrality as does a nation like Finland which must find ways to enhance her credibility. She can take a more practical approach, because, for the most part, Switzerland sets the standards for neutrality. Swiss
"practical neutrality," though it may diverge slightly from "legal neutrality," is likely to find favorable responses among the Great Powers. These powers realize with what reverence the Swiss hold to neutrality, and that they are not about to jeopardize their privileged position.

The Swiss are fervently neutral today, because they are fervently Swiss. They realize that had it not been for the neutrality of their country in the past, they would long since have lost their national unity and, indeed, forfeited their national existence. One observer noted that "A foreigner who observes from the outside this peaceful and prosperous country does not always grasp the effort required to insure its stability, to smooth out the inevitable tensions which crop up in a multilingual country, and to compensate for the attractions exerted by the various national cultures. This small nation is more sensitive and vulnerable than surface appearance indicates, and the neutrality which the Swiss cantons have been led to adopt to maintain the federal link remains today the cement of their unity." The mere renunciation of neutrality would split the confederation into two or three parts, none of which could avoid an alliance with more powerful neighbors.

Finally, "...the maintenance of neutrality really does rest in the last resort upon their (Swiss) own strength and
this in turn involves three things: the unity of the cantons, eternal vigilance, and the willingness to carry the heavy personal and financial burden of defense. "These burdens have been accepted willingly by the Swiss, because they know the rewards of such responsibilities by far outweigh the cost."
CHAPTER VII

AUSTRIA AND NEUTRALITY

History. Unlike the three previously cited nations of Sweden, Finland and Switzerland, Austria has no historical tradition of neutrality. Austrian neutrality dates back to only 1955 when the four powers of the Soviet Union, England, France and the United States agreed to the Austrian State Treaty, establishing the permanent neutralization of that nation. Indeed, Austria has held statehood only since 1919. Previously to that, what is now modern or present-day Austria was part of the Austro-Hungarian Empire. For centuries, this Empire was a formidable Great Power of the European continent. Ruled by the Hapsburg dynasty, it was constantly embroiled in offensive and defensive military conflicts which were due to either the aggressive aims of the Hapsburgs or to Austria's central geographic position as Europe's backdoor guardian against Asian conquerors, notably the Turks. Because they were an instrumental part of this Empire and holders of a great amount of power, the Austrians have never had to rely upon the politics of neutrality to insure their security. Consequently, they have been on one side or the other in all of Europe's classic conflicts.
The history of Austrian statehood since 1919 has been a stormy and uncertain one. The peacemakers of 1919 took the truncated rump of the Hapsburg Empire and constituted the Republic of Austria. Comprised mostly of German-speaking peoples, Austria lacked either the will or the means to existence. Between the wars, it scarcely had an active foreign policy. Politically, many Austrians wished for an Anschluss with Germany. This was forbidden by the Allies in the Treaty of Versailles. Economically, Austria's existence depended on numerous loans from the League of Nations. However, once the depression hit, this aid was suspended. Austria found herself pressured more and more, both internally and externally by the German National Socialist propaganda, that the only solution to her desperate straits was union with Germany. In March of 1938, Hitler's Germany forced through the Anschluss, crushing Austrian independence. Thus ended the Austrian's brief but heroic struggle for independence. Gerald Frankenstein depicts Austria's inter-war condition rather eloquently when he writes:

Were I to choose a symbol of Austria's struggle in the years following the first world war, I would choose the famous group in the Vatican called Laocoon--Laocoon fighting heroically and desperately against the overwhelming pressure of the serpents, his two sons around him, almost succumbing, lifting their arms for help.¹
World War Two ended with Austria liberated from Nazi rule but occupied by the four victorious allies. Despite promises of a quick "Austrian solution," the Allied occupation lasted for ten years. During those years, she became a focal point in the cold war, thus creating almost insurmountable obstacles for settlement. Neither the East nor the West was willing to abandon Austria to the other. "Austria depicts a small rowingboat in a storm sea with a crew of four elephants each pulling in a different direction."² Moreover, the deadlock over Austria led most Austrians to believe that their country would be the prize over which World War Three would be fought. "They see their country as the cockpit in which at Austrian expense the Four Great Powers fight out their economic and political rivalries today; tomorrow they fear it may be the scene of the outbreak of a more bloody conflict."³

**Austrian State Treaty.** When the announcement of the Austrian State Treaty was made in 1955, there was understandably much surprise in both cold war camps. The groundwork for the agreement had been laid by careful Austrian diplomacy. In 1949, the government announced that it would accept a treaty without a guarantee of its protection as it hoped for protection by the United Nations. Using the good offices
of India to promote Austria's cause with the Soviet Union, agreement to Austrian independence was reached in Moscow on April 15, 1955.* After nearly 300 fruitless Big Power negotiation sessions since 1946, compromise and agreement were reached on the four-power evacuation of Austria. Those agreements are embodied in the Austrian State Treaty.

The issues of Austrian neutrality and independence were actually negotiated on a bi-lateral basis between the Soviet Union and Austria. After two days of negotiations in Moscow, the Austrians and Russians concluded the "Moscow Memorandum" on April 15, 1955. Under the terms of this formal agreement, "Austria accepted the obligation to practice permanent neutrality of the type maintained by Switzerland, to obtain from the Austrian parliament a commitment to permanent neutrality, to take appropriate measures to obtain international recognition of this neutral status, and to request and accept a guarantee by the four powers of the inviolability and integrity of the territory of the Austrian state."4 The Austrian delegation gave assurances that "...the Austrian Republic intends not to join any military alliance or permit military bases on her territory and will pursue a policy of independence in regard to all states."5 Other commitments given by the

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*The Soviet Union was fearful that the Western Allies might halt their quest for a united Austria and incorporate the Western zones into NATO.
Austrians included reparations' payments to the Soviet Union of 150 million dollars and the delivery of one million tons of crude oil annually over the next ten years. Most important to the Soviets was the Austrian acquiescence to make a declaration "...in a form imposing upon Austria an international obligation, that Austria will maintain permanent neutrality of the same type as that maintained by Switzerland." The Soviet Union, on its part, agreed to recognize the declaration of neutrality and to participate in a four-power guarantee of Austrian territory.

The four-power guarantee came one month later in Vienna with the signing of the Austrian State Treaty. It provided for the establishment of a sovereign and democratic Austria within the frontiers of 1938 (Articles 1 and 5). The rights of non-German minorities were guaranteed, and an Anschluss was forbidden (Articles 4 and 7). Austria was allowed to keep an army of whatever size it wished, but atomic weapons were forbidden (Article 13). There were to be no reparations except those cited in the Moscow Memorandum (Articles 21 and 22).

From the Austrian point of view, the very heart of the Treaty is Article 20. It terminated the four-power control in Austria and provided that the occupying forces were to be evacuated within ninety days. The Great Powers, both
Allied and Associated, promised to support the Austrian application into the United Nations. Surprisingly, the Treaty has no mention of Austrian permanent neutrality. However, Soviet Foreign Minister Molotov proposed that the four powers, "...shall respect and observe a statement of Austria's permanent neutrality of the kind observed by Switzerland."

Such a statement of Austrian neutrality was soon forthcoming from the Austrian parliament. On October 26, 1955, that body enacted the Constitutional Law of Neutrality. Article I reads:

(1) For the purpose of the lasting maintenance of her independence externally, and for the purpose of the inviolability of her territory, Austria declares by her own free will her perpetual neutrality. Austria will maintain and defend this with all means at her disposal.

(2) For the securing of this purpose in all future times, Austria will not join any military alliances and will not permit the establishment of any foreign military bases on her territory.

Nations of the international community were quick to respond to the State Treaty and to the Constitutional Law of Neutrality. Acknowledgements by governments such as the United States were soon forthcoming. "The Government of the United States has taken cognizance of this Constitutional Law and recognizes the perpetual neutrality of Austria as defined therein."
Needless to say, there was much speculation as to why the Soviet Union, after conceding nothing on Austria for nearly ten years, apparently did a complete about-face. Some think that Russia agreed to the State Treaty because she wanted to make Austria an example for the other small Western European nations to follow instead of their joining NATO. She hoped that Austrian independence through neutrality would act as the lure to these nations. Others speculate that "...from the Soviet point of view, Austria's neutral freedom was simply a Danubian sprat to catch the German mackerel." Here again, the Austrian example is to serve as enticement for a neutral Germany. Still others point to the desire of the new Soviet leaders to appease the West in the post-Stalin era of co-existence or cite with some credibility the Soviet desire to sever NATO military lines of communication from Italy to Germany and fears of exposing Russian soldiers to the corrupting luxury of Western life.

No matter what the reason or reasons for Soviet concessions, the fact remains that Russian acquiescence to Austrian independence via neutrality paved the way to the re-establishment of Austrian sovereignty. Whether the prolongation of that sovereignty depends on continued Soviet acquiescence is as yet an unanswered question. It is, however,
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as serious a consideration for the policy makers of Austria as it is for Finland. In many ways, it is the key to Austria's policy of neutrality.

Austrian Neutrality. The development of guidelines for a policy of Austrian neutrality began in 1956. Adjustments in that policy continue even today, depending upon the political environment in which such a policy must exist. Nevertheless, there are several set themes for Austrian neutrality which have emerged since 1956, and which, for the most part, probably will not change drastically.

The broad and formal guidelines for Austrian neutrality were explained in 1953 by Dr. Bruno Kreisky, former Austrian foreign minister.* He explains that "Actually it is not accurate to speak of neutrality in peacetime because what the term means is non-participation in war." But, he claims that neutrality does impose certain obligations in peacetime as well. These obligations are:

1. A neutral country cannot join a military alliance in time of peace.

2. A neutral country must bar military bases from its territory.

3. A neutral country must not accept any commitments—economic or political which would jeopardize its neutrality in time of war.

Austria follows these minimum obligations of neutrality

in the strictest sense, since her most pressing goal has been to build credibility for her neutrality. Apart from these obligations, Austria has developed a foreign policy which is more flexible than her European neighbor of Switzerland. Moreover, the statement by Soviet Foreign Minister Molotov that Austrian neutrality should develop along the lines of the Swiss example seems to be completely out of context with definite historical facts which prevent the use of the Swiss model for Austria.

Furthermore, the reference to Swiss neutrality as a model for Austria is irrelevant and impractical, because the Austrians have no tradition of neutrality from which to start. A tradition of neutrality and the faith in such a policy cannot be accomplished overnight. It took Switzerland over two hundred years to evolve her ties to neutrality, and it cannot be expected that Austria would accomplish such a process in a decade or even two decades. History and the fluctuations in political environments simply do not suggest such an occurrence.

Statements by the Austrians at the Berlin Conference of 1954 clearly outlined the major definitions of any Austrian neutrality. "It is the desire of the Austrian people to live in peace and friendship with all nations. Austria desires to make the principles of the United Nations Charter her own
and to become a worthy member of that great family of nations. But Austria doesn't want to become politically isolated. They want to keep friendly relations with all states, her political orientation is, however, towards the West. It was for this reason that Austria joined the United Nations in 1956 soon after gaining her independence. She joined, because it would bring her international recognition. Also, "Such membership implied a measure of security which we could not have found elsewhere." This was the first major indication that the Swiss model would not serve Austria well, and that there were necessary departures from that model. Austria has used her membership in the United Nations to activate her neutrality in a positive direction. Her humanitarian orientation was clearly demonstrated during the Hungarian Revolt of 1956. She has continued those activities through the United Nations organizations.

What has occurred in Austria is that "...since the State Treaty...Austria has developed a new kind of neutralism, something less negative and more actively European in spirit than the neutrality of Switzerland." This European spirit has been greatly aided by the domestic situation within Austria which finds a coalition of Christian Democrats and Socialists governing effectively. This is important, because
It serves as a showcase for other European nations who may be having difficulty reconciling the two dominant European political trends represented by these two groups.

It has become clear that the Austrians, while embracing neutrality in the military sense, reject it ideologically. They have strong cultural and historical ties with the West. "Neutrality with us is not a state of mind. We will promise to enter no military alliance and to allow no foreign bases on our soil. Beyond that, we are of the West, and our hearts cannot be neutral."15 She has consistently promoted this position by joining the United Nations in 1966, expanding trade with the West, joining the Council of Europe in 1966 and soliciting loans from the United States instead of the Soviet Union. But her most daring actions in this direction were during the Hungarian revolt of 1956 when she actively aided refugees fleeing the Russians and when she exposed and destroyed a Soviet front organization in Austria. Both actions brought vocal threats and objections from the Soviets, but, in turn, the actions procured acknowledgements of admiration and respect from the rest of the international community. Furthermore, when Chancellor Julius Raab, known as the "architect of Austrian neutrality," proposed ideological neutrality in hopes of not offending the Russians and possibly securing agreements from them to lessen the reparations
payments, he was opposed and defeated in 1956 by others, such as Foreign Minister Leopold Figl who said: "We are militarily a neutral State but there is no neutrality of spirit for us, and therefore no 'neutralism'."¹⁶ In 1956, upon being threatened by the Soviets for their actions during the Hungarian revolt, Chancellor Raab, who reversed his stance, answered those threats by stating that Austrian neutrality does not mean "a colorless neutralism in political questions."¹⁷

By 1960, two themes had emerged from the conflict between Austria's Western conscience and her Eastern commitments to neutrality. First was the Government's determination to make its foreign policy pragmatic, not predetermined by any model such as that of the Swiss. Secondly, Austrian neutrality was only in the military sphere. President Adolf Schaerf's announcement in 1957 confirms this position. "We attach great importance to our neutrality being regarded as a military one. In other aspects and particularly in all questions of culture, we do not wish to be tied to any historically molded pattern."¹⁸

Austria's practice of pragmatic neutrality is not without limitations. That is, the Austrians realize that it was Soviet agreement to their neutrality which enabled them to
gain their independence and rid their country of the occupation forces. Their leaders are not about to turn their backs on the Russian bear and its desires. To be sure, Austrian leaders have so far been able to successfully thwart Soviet threats and demands upon their practice of neutrality. But the hard questions still exist; how much does Austrian independence depend upon Soviet acceptance of Austrian policies? How far can the Austrians venture without antagonizing the Kremlin and pushing the Soviets into a "Hungarian or Czechoslovakian solution? It is a situation which Austrian diplomats, like the Finns, have to be constantly aware of. (There are elements within Austria who do push for an "appeasement policy." These forces warned against the joining of the United Nations, because it would bring too much international attention on Austria and might contain political trappings which a young neutral could not cope with. They also argue against close economic ties with Western Europe for fear that they would antagonize Russia.)

Despite the international guarantee of its neutrality embodied in the Austrian State Treaty, the presence of Russian tanks and soldiers on Austrian borders during the Hungarian Revolt in 1956 brought home to the Austrians that "...the simple fact of being legally in the right has never in history saved any country from having its neutrality violated by another
country...." Like the Swiss, Swedes and Finns, the Austrians realize that the best guarantee of permanent neutrality is a strong army and the unshakeable determination to defend this neutrality. Consequently, Austria has built up her defenses in order to guard her position. Because of the ban on atomic weapons placed on her by the State Treaty, she can never hope to have an adequate defense against any nuclear aggressor. Any thoughts of defending successfully her neutrality by means of arms are pure fantasy as long as the restrictions remain. Fortunately, she has yet to depend upon her inadequate defenses for her guarantee. She, like Finland, must rely upon a policy of keeping out of war.

Summary. Neutral Austria is in an unique and unenviable position of having common frontiers with two Warsaw Pact States (Czechoslovakia and Hungary), two mainstays of NATO (Italy and West Germany) and two other countries, neutral and uncommitted like itself (Switzerland and Yugoslavia). Consequently, "Austrian neutrality is only a function of international equilibrium....It follows then that Austrian foreign policy must always aim to help maintain the balance of power by contributing in all ways possible toward lessening international tension." The examples of Switzerland and Sweden suggest that a successful neutral needs, as well as care and restraint in her external policies, national
unity and stability in her internal policies, economic viability and military strength sufficient to deter any would-be aggressor from an easy conquest. Up to the present, Austria's leaders have demonstrated ample skills in their diplomacy, but it is too early to be confident of the country's internal unity or its economic strength. Austria's leaders have already shown concern over her inadequate defenses. The failures of the balance of power have historically taken their toll of neutral States who depended upon that delicate balance of forces for their security. "It would be rash to assert that the post-1955 neutralization of the Austrian Federal Republic is deeply entrenched. So far, it has not been severely tested." 21

Meanwhile, Austrian diplomats remain adamant in their practical neutrality with the country's ties to the West and its economic concessions to the Soviets. Despite its drawbacks and limitations, neutrality for Austria has meant independence for the last fifteen years. It has also meant international recognition for that State. This was clearly underscored by Secretary of State Dean Rusk in observance of the tenth anniversary of Austrian independence in 1965 when he concluded:

While fully honoring her international obligations under the treaty and scrupulously adhering to the policy of neutrality which she adopted in October, 1955, Austria has not hesitated to follow an independent and positive foreign policy in the interests of international justice and peace. 22
PART III

EUROPEAN INTEGRATION
CHAPTER VIII
THE FOUR EUROPEAN NEUTRALS AND EUROPEAN INTEGRATION

Introduction. In Part II, we discussed the general policies of neutrality practised by Austria, Finland, Sweden and Switzerland in order to illuminate the basic guidelines of neutrality followed by each individual State and to clarify the political environment from which such policies evolved. It was made clear that although these four States definitely have a Western orientation in terms of history, culture and political ideology, this does not lessen their commitment to neutrality or non-alliance. But most important in the discussion of these four neutrals is the acknowledgement that, though they may have much in common, each adheres to a specific form of neutrality dictated by its own interests and by its position vis-à-vis the cold war antagonists. More specifically, the different political environments in which these four States maintain their independence create differences in the interpretation of neutrality. This has resulted in the practice of neutrality at various levels, some rigid, others more flexible and practical in regard to specific issues confronting these nations.

One of these issues where the different levels of neutrality become apparent is European integration. Because
both the United States and the Soviet Union have different conceptions of a United Europe and because the impetus of the current integration movement has come from and involves only the western half of Europe, the neutral States desiring to associate with the integration movement find themselves faced with numerous dilemmas. The desire for security creates the dilemma of association or non-association with a military alliance system. The desire for economic growth and stabilization produces a dilemma over economic association with some parties at the exclusion of others. Finally, the desire for neutrality poses a dilemma between political isolation and international cooperation. In most cases, these dilemmas add up to a choice between survival or extinction, militarily, economically and politically. Thus, the European neutral is faced with many difficult decisions concerning its role in the integration movement. How these four neutrals have reacted to these dilemmas presented by efforts of European unity is the subject of Part III.

We shall be examining some regional organizations in which these four neutrals have either joined, seek to join or have debated joining. This examination will enable us to see clearly the dilemmas faced by these nations as they seek to maintain their neutrality. But more importantly,
such an examination should illustrate the varying degrees of neutrality practised by each, relative to its political circumstances in regard to the specific issue of European integration. Specifically, we shall examine the European regional organizations of the European Free Trade Association (EFTA) and the European Economic Community (EEC).

Of these two organizations, only in EFTA do any of the four neutrals actually hold membership. (Austria, Sweden and Switzerland are full members while Finland is an associate member.) Because of the political nature of the Treaty of Rome, none of the neutrals at present hold full or associate membership in the EEC. (Austria, Switzerland and Sweden have sought associate status.)

European Integration. Since the closing stages of the Second World War, there has been a movement toward greater European unity. The nations of Western Europe have come to realize the vast economic and social advantages of removing the barriers between them and working together on the many common problems. Most of the success in this endeavor of unifying the nations of Europe has been in the economic sphere. Indeed, as long as membership in the European institutions required no sacrifice of a State's sovereignty and independence, most of the nations of Europe, including the neutrals, have been very willing to participate in
integration. In many ways, the one claim to success of such organizations as the Organization for European Economic Cooperation (OEEC)* and the Council of Europe is that they have been able to solicit nearly all of the nations of Western Europe as members. This is solely because they require no subjugation of individual States' political rights as a prerequisite for membership. Yet, neither do they represent much of an accomplishment in the integration process other than as symbols of intent.

On the other hand, the creation of common institutions requiring members to sacrifice a bit of their sovereignty has been largely unsuccessful. The movement of the European federalists for political integration has found stiff opposition in several nations of Europe, notably Britain and the European neutrals. For Britain, with her Commonwealth ties and her tradition of isolation from the continent, political integration would mean the scrapping of that tradition, plus ties with her former Empire. For those nations attempting to maintain neutrality in time of peace and war, political integration is out of the question. While they do endeavor to participate in international schemes of economic and technical cooperation, they are opposed to

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*Now Organization for Economic and Cultural Development (OECD).
any form of political alignment which might endanger their neutrality.

The reluctance on the part of Britain and the neutral nations to agree to the political unification of Europe meant that as long as the goal of unanimous membership in the common institutions remained, there would be no significant political integration. Consequently, the early years of integration were concerned with such organizations as the CEEC where strict economic cooperation made widespread participation possible. The creation of the CEEC in 1948 was solely to achieve the economic recovery of war-shattered Europe, and its success was ensured by total cooperation from the European nations.

Spurred on by the success of the CEEC, some Member countries of that organization made plans for further cooperation through inter-governmental institutions. They proposed to fully integrate their national economies by means of common institutions under a common authority. In 1951, under the guidance of Robert Schuman, the French Foreign Minister, the six Member States of Belgium, France, the German Federal Republic, Italy, Luxemburg and the Netherlands created a common market for coal and steel known as the European Coal and Steel Community (ECSC). Subsequent accomplishments of this "Community method" include the European Atomic Energy Community
EURATOM) and the European Economic Community (EEC), both springing from the twin Treaties of Rome in 1957.

It is at these points in time that the movement to integrate Europe begins to separate. The negotiations for a supra-national authority, envisaged by the Six in ECSC, EURATOM and the EEC, marked a parting of ways between those States such as Britain, Sweden, Switzerland and Finland, who sought only economic cooperation and the six Member States advocating the "Community method." By their actions, the Six demonstrated that they were ready to push ahead with the unification of Europe in order that they might benefit from the advantages of coordinated political and economic policies. The leading federalists, such as Robert Schuman and Jean Monnet, were willing to abandon their goal of unanimity, hoping that partial integration would convince the reluctant States to abandon their traditional concepts of neutrality or isolation.

It was at this point that the dilemmas of European integration began to arise for the four neutrals. For with the success and growth of each community organization, especially the EEC, the neutrals' self-inflicted isolation brought increasing symptoms of economic hardship. Yet, for them to join these experiments in supra-national communities would
mean abandonment of their neutrality and probable political adversity. Thus, their choices were narrowed to: continued isolation, experimenting in political integration or seeking an alternative economic organization to combat the EEC. That they chose the third alternative is hardly a surprise considering the consequences of the other two. By creating the European Free Trade Association (EFTA), these nations would reap the benefits of economic cooperation that they had realized in OEEC, while simultaneously they did not have to make any concessions on their neutrality.

**European Free Trade Association and Finland.** At a meeting of the OEEC Council in July, 1956, while the drafting of the Rome Treaties for the EEC and EURATOM was still in progress, Britain put forward the idea of an all-European free trade area embracing the "Six" and other European countries. The British proposals envisaged the abolition of all tariffs and other barriers to trade between the Member States over a period of years—at the same time allowing each Member to retain for itself the freedom to determine tariff levels and trade policies towards third countries. These proposals received unanimous acceptance within the framework of the OEEC. Negotiations for such a plan were initiated but soon broke down because of the withdrawal of French support. The problem was not that
the British suggestions were not feasible but that the "Six" and particularly the French Government found it impossible to change their position, namely, that the Treaty of Rome had created a new situation to which the rest of the European nations had to adapt their policies. In other words, "... in the economic relations of Western Europe non-discrimination on an OEEC basis had come to an end; to re-establish the economic unity of the Continent, Britain and Scandinavia was a task of the future."\(^1\)

In response to the discriminating attitude of the "Six," a group of seven countries, Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom, now known as the "Seven," sought to form a free trade area among themselves. Their aim was to create favourable conditions for forming a free trade area embracing all of the CEEC countries. In the meantime, they felt obliged to confer the advantages of free trade on their own populations who numbered approximately ninety million people. While they hoped to demonstrate that the free trade area technique was workable and in the end advantageous, it is more accurate to say that the EFTA was created in response to the discriminatory and selective EEC. The "Seven" felt obliged to offset as much as possible the economic advantages resulting from membership in the EEC in
order to protect themselves individually.

After six months of negotiation, the Convention establishing EFTA was completed and initiated in Stockholm, Sweden, on November 20, 1959. The principal objectives of EFTA are found in Article 2. They are:

a) to promote sustained economic activity, full employment, increased productivity and optimum use of resources, financial stability and continuous improvement of living standards;

b) to ensure that trade between the Member States takes place under conditions of fair competition on terms as nearly equal as possible;

c) to avoid significant disparities between Member States in the conditions of supply of raw materials produced within EFTA; and

d) to contribute to the expansion and harmonious development of world trade and to the progressive removal of barriers to it.

Apart from these objectives of operation, the signatories had two primary aims in mind: to promote arrangements with the EEC which would lead to the establishment of a single European Market, and to create among themselves a free market within which trade could take place unhindered by tariffs or other barriers.

The absence of any political aims by the EFTA is not purely happenstance but rather by design. It was the political obligations of the Rome Treaty of the EEC which aroused opposition to it and made it impossible for any of the "Seven" to join, especially the neutrals. The cooperation provided
for by the EFTA Convention is, in fact, essentially commercial in nature with few direct and immediate obligations bearing on the economic and social policies of the Member States. The EFTA countries set out to do something less than the EEC. They had no political federation in mind. Economically, they argued that it was possible for countries with disparate economic structures to do 'intelligent business' together without committing themselves to institutions encroaching upon traditional areas of national sovereignty. Like the CEEC, the EFTA provided slight difficulties for neutrals because it was purely economic and followed voting rule and decision-making via unanimity.

Yet, the establishment of EFTA did create grave problems for one of the neutrals—Finland. Unlike Austria, Sweden and Switzerland, Finland's neutrality and independence hinge on placating the Soviet Union. Finnish sovereignty is tenuous because of her important security position in regard to the Soviet Union, that strict observance of neutrality is a necessity. It is through the Finnish dilemma over membership in EFTA that we begin to see definitive differences in neutrality among the four neutrals. Because EFTA is a purely economic organization, it raised little or no problem for Austria, Sweden and Switzerland. But because it is also a purely Western European organization and excludes countries
from the Eastern or Soviet bloc, for Finland to participate in it might be construed in Soviet eyes as partial or discriminatory neutrality. Desiring to guard against such an interpretation and knowing that they would feel uncomfortable in their neutrality should they join EFTA, the Finns decided against full membership.

With the signing of the Stockholm Convention in 1959, it soon became apparent to the Finns that if they were to survive economically and, in the end, politically, they must establish some method of collaboration with EFTA. Already by 1957, because of high inflation and industrial conflicts over prices and wages, it was obvious that unless Finland could remain competitive in her western markets, she could be absorbed into the Soviet orbit. Moreover, the Soviets were pushing for stronger Soviet-Finn economic ties by way of increased trade. Isolation from her Western markets would come to mean economic dependence on the Eastern bloc nations, principally the Soviet Union. It would also mean a huge cut in foreign trade for the Finns. At its highest, the share of the Eastern bloc in Finnish foreign trade was 30 per cent. Usually, it amounts to only one-fifth of the total. Three-fifths of Finland's total exports, chiefly wood and wood products, are sold in the thirteen countries comprising EFTA and EEC. While Finnish exports
were about equally divided between the two Western European organizations, the creation of the EEC, important though it was as a marketing area for Finnish forest articles, did not in itself signify a direct threat to Finnish export competition. This was due to the fact that the principal countries competing with Finland in the export of forest products were also outside the EEC so that Finland was not placed in an unfavorable position in relation to them. However, with the implementation of the EFTA, Finland's chief competitors in forest articles, Sweden and Norway, gained a decided advantage because of the lowering of tariffs; thus endangering Finland's competitive position. Moreover, EFTA included Finland's biggest customer, Britain. To remain outside of EFTA would considerably weaken her position in the British market and would endanger the large-scale investments made in her wood-processing industries, as well as generally diminish the prospects of Finland's foreign trade.

Further complications arise when assessing Finland's bilateral trade with the Soviet Union. In 1959, Finland's exports to the Soviet Union amounted to 16.9 per cent of the total value of her exports. Close to two-thirds of the products sold to the Soviet Union consisted of machines, appliances and transportation equipment. Although only 7 per
cent of all wood and wood products exported by the Finns went to the Russians, the Soviet share of her exports in metal and engineering products was as high as 72 per cent. These figures indicate roughly the importance of the Soviet Union as a market for Finland’s metal industries. In order to retain this market, the Finns must maintain a level of imports roughly equal to its exports. To reach agreements with the EFTA countries which would have the effect of damaging the Finnish-Soviet trade in this vital area would be totally unwise and untenable.

The need for collaboration with EFTA became more acute when the other Scandinavian countries, with whom the establishment of a Nordic Customs Union had been under discussion for two or three years, now announced that in view of the altered circumstances created by the EEC and the EFTA, they were no longer interested in such a project. As Reino Rossi states, "Thus the only possibility that existed for Finland to safeguard her commercial interests in Western Europe was that of endeavoring to join EFTA." Finland’s adherence to neutrality meant that it was as impossible for her to join the EEC as it was for Sweden, Austria and Switzerland. Her economic future in jeopardy if she continued her isolation, Finland was left with little choice.
The Stockholm Convention provides for participation in EFTA without being a full-fledged member. Article 41 states that States may apply for full or associate membership in EFTA. "The Council may negotiate an agreement between the Member States and any other State, union of States or international organization." The association agreement negotiated by the Council may provide for "... such reciprocal rights and obligations, common actions and special procedures as may be appropriate."  

By means of Article 41, the Council of EFTA was provided with a great amount of leeway in handling membership applications of countries with such complex problems as Finland's. The EFTA members, well aware of the economic and political consequences should Finland be forced to remain outside the western trade markets, were anxious to include her as an associate member. But in doing so they dared not force her to accept any obligations which would endanger her neutrality or her commercial agreements with the Eastern bloc. Finland, on the other hand, also anxious to participate in the free trade area, realized that any move on its part must be made with caution and in consultation with the Russians. Therefore, during the negotiations with EFTA, which began in January, 1960, the Finnish Government devoted its primary attention to three points. First, the establishment
of relations with EFTA must not lead to the creation of any supra-national body that would restrict Finland's right of self-determination. Secondly, the Finns aimed at an agreement such as would take into account the social and economic circumstances of the country, ensuring a sufficient period of adaptation, particularly for some branches of the home market. Finally, the agreement should be of a nature such as to enable Finland to fulfill and to honor all previously concluded commercial treaties. This last point was specifically intended to guard the Soviet-Finnish trade relationship.

Needless to say, this last point was the primary issue throughout the negotiations, and it proved to be the most difficult to implement. By May of 1960, a draft agreement, signed at Lisbon, essentially fulfilled the first two basic requirements. The EFTA countries demonstrated great understanding of the difficulties in adapting Finland's industries to the new circumstances. Reduction of duties was accomplished in accord with EFTA standards, thus ensuring Finland a competitive price on the Western market. Finally, the EFTA made a concession to Soviet-Finnish trade. Finland obtained the right to retain in force some quantitative import restrictions on liquid and solid fuels as well as fertilizers in order to guarantee the import-export balance existing between Finland and Russia. Here again, the EFTA countries demonstrated their
recognition of the special circumstances surrounding Finland's neutrality and Soviet interests.

The third aim of the Finnish Government was not solved by the Lisbon draft. It posed a more difficult problem because the Finnish-Soviet trade agreement contained a most-favored-nation's clause. Since the Soviet Union was not a member of the General Agreement on Trade and Tariffs (GATT), and thus not bound to accept the limitations imposed by membership in a free trade area or customs union beyond the operations of such a clause, its juridical validity was beyond dispute. Actually, only a small portion of the Soviet Union's exports would have been affected by tariff reductions, but the Finns felt that an important issue of principle was involved. Seeking to placate the Soviet Union and not affect its own interests, President Kekkonen sought to reach a negotiated solution acceptable to both the EFTA and the Soviet Union. Because he did consult the Soviet Union on this step, and because he had been communicating with Moscow over EFTA membership since the negotiations began, Kekkonen encountered stiff opposition from within Finland. The feeling was that the Austrians had not consulted the Russians when they joined the EFTA as a full member, and that for President Kekkonen to do so was a slap in the face to Finland's independence.

Nevertheless, Kekkonen desired to confer with the Soviets
concerning a new customs treaty on a new basis which, while guaranteeing the commercial benefits of the Soviet Union on the Finnish market, would be compatible with the EFTA and GATT principles. Such an agreement was reached in November, 1960, during President Kekkonen's visit to Moscow. At the same time, Soviet Premier Khrushchev issued a communique granting Finland permission to become a qualified member of EFTA in order to "...remain competitive in western markets." This statement gave Kekkonen and the Finns the confidence to accept associate membership in the EFTA in March, 1961.

Although associate membership in a non-political organization such as the EFTA seems like a small and unimportant step to most, the fact that the Finns considered it a momentous achievement of their foreign policy illustrates clearly the major facet upon which their neutrality is based. Despite their assurances to the Soviets of their unrelenting dedication to neutrality, to make even the smallest move toward the West presents the Finns with a major foreign policy dilemma. That their practice of neutrality must be more rigid and stricter than any other neutral in Europe was illustrated when they attempted to take the smallest of the small steps to integrate Europe. And the Finnish dilemma is by no means over. The question still remains as to what she will do if the EFTA members choose to join the European Economic Community.
How her trading interests can best be safeguarded in the event of an enlargement of the EEC is a future problem for Finland. Until the shape of that Community is established such a question cannot be answered.

The European Economic Community, Sweden, Austria and Switzerland. The establishment of the European Economic Community in 1957 under the guidelines of the Treaty of Rome represented the culmination of the "Community method." It also represented a unique chapter in the history of European integration. The six nations of France, the Federal Republic of Germany, Belgium, Italy, Luxemburg and the Netherlands took the first step toward full economic and, hopefully, political integration of Europe. For the first time, agreement between several nations of Europe established a common market under a supra-national authority.

The EEC was not to be only a customs union but a full economic union. Such a union requires common policies for agriculture, social affairs, transport and energy, a common trade policy, common rules ensuring fair competition, freedom of movement for workers, goods and services and the harmonization of fiscal, monetary and financial policies. A commission was established of representatives from the six countries to oversee and implement the organization's activities. The Commission holds responsibility for initiating association
agreements with other nations of the world. It also is to represent the "Six" in negotiations concerning international trade and tariffs. Decisions made by the Commission, whether they be economic or political, are held to be binding on all Member States. Though the main emphasis of the Community is on economic integration, the ultimate objective is the political unification of Europe. The six nations which signed the Treaty of Rome in 1957 fully understood and intended that to be their goal.

While the creation of the EEC was a history-making step, it did divide Europe politically and economically. Because the Treaty of Rome required the sacrifice of some sovereignty on the part of Members, there were a number of States who would not join. Among these States were the four neutrals of Sweden, Austria, Switzerland and Finland who for reasons of neutrality could not agree to the obligations of the Treaty of Rome. To do so would limit their independence of action economically. It might also bind them to certain political policies which would hinder their neutrality. As was discussed above, these countries, along with Britain, Portugal, Denmark and Norway, formed the EFTA in hopes of countering the economic discrimination of the EEC.

By 1960, it was apparent that the EEC was quickly becoming a powerful force within Europe. Likewise, it was
obvious that several members of EFTA were not benefiting by their association with that organization. This was especially true of Britain. She had not joined the EEC because it would have meant breaking off her ties with the Commonwealth nations with whom she has a special relationship, both political and economic. But it was now apparent that the Commonwealth and the rest of the EFTA nations could no longer provide the markets essential for the rejuvenation of the British economy. Unless they found new markets for their exports, the British could not hope to rectify their balance of payments. This meant more austerity, more devaluation of the pound and continued economic lag for a nation desiring to re-establish herself as a major world power.

Given these circumstances, the Conservative government of Harold Macmillan decided to discard the tradition of isolation from the European continent, as it was no longer feasible economically. Consequently, on December 19, 1961, the British Government formally applied for full membership in the EEC.

The decision by the British Government and subsequent applications by Norway and Denmark to the EEC had drastic effects on the remaining members of EFTA. If Britain, Norway and Denmark gained membership in the EEC, it would mean the end of the EFTA. Those nations remaining outside the EEC would then face economic discrimination, a situation that
would be hard to endure. They also would be excluded from the movement to integrate Europe on a wider scale. This could lead to political isolation from the rest of Europe at a time when the political identity of that Continent was developing.

The prospect of British membership in the EEC and the consequences that it held for EFTA created serious dilemmas for the European neutrals. Because of the non-political nature of EFTA, the neutral nations of Austria, Sweden and Switzerland felt very comfortable in their membership. To a lesser degree so did Finland. Their status of neutrality thus ensured, they enjoyed the common tariffs and customs of the free trade area. But with the proposed enlargement of the EEC to include some EFTA nations, thus wrecking the latter organization, the neutrals would be again open to economic discrimination. Yet, because of the political nature of the Treaty of Rome, they could not be members of the EEC and maintain their neutrality.

The gravity of the neutrals' economic situation can be illustrated by examination of their individual trade statistics. In 1961, Austrian exports to EFTA and EEC member countries were 65 per cent of her total while Eastern Europe received only 14.6 per cent. Her dependence on the West was even more noticeable for imports: 72.8 per cent of Austria's
Imports came from EFTA and EEC countries as against only 10.4 per cent from Eastern Europe. Swiss exports to EFTA and EEC nations amounted to 59.2 per cent as compared with 3.2 per cent for Eastern Europe. Her imports from EEC and EFTA added up to 75.2 per cent as against imports from the East at 2.3 per cent. Finally, Sweden's economic dependence upon the West is even more pronounced. In 1961, Swedish exports to EEC and EFTA nations amounted to 73.8 per cent of her total while the Eastern countries took only 4.2 per cent. The figures for her imports were 68.2 per cent from the EEC and EFTA versus 4.4 per cent from the Eastern countries.* These figures illustrate well that the neutrals are economically dependent on Western European markets. More dramatic are the figures indicating the amount of trade difference that exists between the neutrals' import-export trade to the EEC and EFTA.

TABLE I**

<table>
<thead>
<tr>
<th>Year</th>
<th>Austria</th>
<th>Sweden</th>
<th>Switzerland</th>
</tr>
</thead>
<tbody>
<tr>
<td>1961 Export to EEC (1962)</td>
<td>49.5%</td>
<td>33%</td>
<td>41.5%</td>
</tr>
<tr>
<td>1961 Export to EFTA</td>
<td>57%</td>
<td>65%</td>
<td>52%</td>
</tr>
<tr>
<td>1961 Import from EEC</td>
<td>49.5%</td>
<td>48%</td>
<td>62.5%</td>
</tr>
<tr>
<td>1961 Import from EFTA</td>
<td>12.7%</td>
<td>26.4%</td>
<td>12.0%</td>
</tr>
</tbody>
</table>

*From CEED Statistical Bulletin, Series A.  
** " " " " 
The significantly higher percentages of trade between the neutrals and the EEC show that for them to remain outside the EEC trade markets could be disastrous, especially as their economies are largely dependent on foreign trade. Exclusion from the EEC would also mean serious dislocation of trade for them.

The European neutrals are conscious of their economic dependence on the West. But they are also aware of the political entrapments contained in EEC membership. Desiring to remain neutral and at the same time economically healthy, the governments of Austria, Sweden and Switzerland sought a solution to the dilemma created by pending British membership. The solution which they arrived at was association with the EEC, provided for in Article 238 of the Treaty of Rome.

Article 238 makes provision for the conclusion of association agreements between the community and third States. It reads:

The Community may conclude with a third country, a union of States or an international organization agreements creating an association embodying reciprocal rights and obligations, joint actions and special procedures.

Such agreements shall be concluded by the Council acting by means of a unanimous vote and after consulting the Assembly.

This Article was drafted in rather broad terms. This was done deliberately so that it may be more useful and valuable by
what it permits than by what it contains. However, because it is so broad, it is subject to different interpretations. For this reason, the Commission prepared a memorandum on February 26, 1959, setting down an attitude toward association. The characteristics of association are: that it is to be essentially flexible in form and in the connection it may establish between the Community and the associated State, and that association must, whatever its form, be directed toward the guiding objectives laid down in Article Two of the Rome Treaty. It must tend, therefore, "To promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increased stability, an accelerated rising of the standards of living and closer relations between its member States."  

Association provides an alternative to full entry into the Community and allows the associated State to establish an important structural link with the Community. But it must never be confused with entry. Professor Hallstein, past-president of the Commission, stated that "The creation of the EEC is a political act. Those responsible for this EEC have never hitherto represented any view other than that the final aim and the real justification of their efforts is the intention of furthering the political unification of Europe...Association pursues economic aims."
Association, therefore, is an instrument of economic progress and integration which leaves the associated State its full political independence beyond the obligations actually undertaken. Association would appear to be the logical step for those States such as the neutrals who, for political reasons, find themselves unable to accept the rigid and fundamental obligations of membership.

It has become apparent that our discussion of the neutrals and their association with the EEC does not include Finland. The exclusion of Finland from negotiating with the EEC for associative status is a political reality of that State's relationship to the Soviet Union, resulting in rigid neutrality. Here again, the diversities of neutrality among the four neutrals become apparent. Whereas Finland could pursue association with EFTA, she cannot with the EEC. Whereas the other three States held full membership in EFTA, because of their neutrality, they can only apply for association with the EEC. And it will become apparent later on in our discussion of the individual States' positions on the EEC that there are definite differences between those three States. (A State such as Sweden, which has no legal attachment to neutrality is more able to consider full membership in the EEC than is Austria or Switzerland.)
In December of 1961, after negotiations between the EEC and Britain had begun, the three neutrals applied to the Council of Ministers for the opening of negotiations concerning their association. They were subsequently invited to present their views on prospective association. Realizing that they held much in common concerning the EEC, its aims and the obligations of neutrality, representatives of the three States met in May, 1962, in Rättvik, Sweden, to discuss common requirements of neutrality and a possible association with the EEC. At this conference, the three nations agreed on five rules required by their common neutrality in regard to such association. It was decided that they would all emphasize these requirements in their individual hearings before the Community. These requirements are as follows:

1. In the field of foreign trade, neutrality necessitates the preservation of treaty-making power. Neutrals cannot delegate the sovereign right to conclude trade agreements to a supra-national body. This does not prevent them from harmonizing their national customs, but neutrality reasons do prevent their participation in a proper customs union which would entail the pooling of customs and foreign trade policy.
2. Neutrals must preserve their freedom of action in case of war or of serious international disturbances. They must feel secure in their right to suspend in such cases their commitments toward the EEC to the extent they deem it necessary for neutrality reasons. They must be able to decide autonomously in this respect.

3. The neutrals also feel a qualified need to reserve their strategic industries. They agree not to use neutrality as a pretext to further or conceal their purely economic interests and thus evade the economic commitments.

4. Neutrality is furthermore held incompatible with irredeemable commitments. The neutrals require the right to give notice of disassociation in any scheme of the EEC.

5. The institutions of the EEC and the Association treaties would have to be clearly separated. The neutral countries cannot accept majority decisions of the EEC which would submit them to new commitments.

On July 28, 1962, Austria and Sweden presented their cases before the EEC. Switzerland presented hers on September 24, 1962. All three governments stressed that the five requirements of neutrality did not prevent close economic cooperation, and that they were willing to go beyond the obligations they had assumed under the Stockholm Treaty.
Individually, they each presented their views on integration and their specific hesitations regarding neutrality and membership. The Austrian Government declared:

The State Treaty and proclaimed neutrality are thus the basis of Austria's sovereignty and independence. For this reason, the Austrian Federal Government declared in their letter of December 12, 1961, that they would like to enter into an economic agreement with the European Economic Community, an agreement which takes account of the maintenance of Austria's permanent neutrality and her international agreement. ... The Austrian Federal Government takes the view that neutrality and the obligations under the State Treaty are no obstacle for Austria's participation in the economic integration of Europe, provided that account is taken of the two essential pre-conditions of Austrian foreign policy—the State Treaty and neutrality.

In presenting the views of the Swedish government, Minister of Commerce, M. Gunnar Lange, stressed that Sweden believed in neither isolation nor disengagement but rather in the efforts of solidarity. The Swedes sought within the framework of this neutrality to associate with practical efforts of integration. He stated that:

It is thus not to the economic integration and what it entails that Sweden's special position relates. The cooperation between the member States of the European Economic Community also contains distinctly political features...there are, however, a few important features of membership which are not compatible with a policy of neutrality. For neutrality is not only a legal concept but indeed also a matter of policy. It implies a conduct, even in peacetime which maintains confidence in the determination as well as the ability to remain neutral in war or crisis. Without giving up its neutrality Sweden could in our view not become a full member of the Community.
Finally, the Swiss views were presented by K. Wahlen, chief of the Federal Political Department. He stated:

In the arrangements to be concluded with the Community Switzerland will have, however, to safeguard her independence—her federalist structure and her system of direct democracy... I would like to stress again, Switzerland takes a positive interest in the endeavours made to unite Europe... Switzerland is also determined to do everything in her power, within the framework of her neutrality, to contribute to the maintenance of peace and liberty in the world.  

In their statements, all three States clearly recognized the difficulty of distinguishing between the political, economic and legal factors underlying their attitudes. They also seemed anxious and willing to do more than sign ordinary trade agreement. They committed themselves to the task of making a significant contribution to the work of integration. They also attempted to demonstrate that they did not seek privileged positions for themselves and appeared anxious to keep to a minimum the reservations that they had concerning association with the EEC. Yet, all sought to make clear their continued attachment to neutrality and non-alliance.

Despite all the claims against such an interpretation, association to a politically oriented organization such as the EEC does place a different tint on a State's neutrality. Participation in an organization whose major goal is eventual political union can only lead to accusations of partiality.
against those States claiming to be neutral. It was for this reason that the three neutrals, hoping to stymie any forthcoming charges of this sort, collectively laid down the requirements of neutrality. In this way, they could justify their common goal of association with the EEC and avoid any embarrassing contradictions between them. Individually, each sought to justify its position in respect to the relevant and specific circumstances surrounding its particular case. In other words, because each of the three countries practices a different brand of neutrality in a different political and economic environment, all three governments argued for association according to its individual circumstance.

**Austria and EEC Association.** The Austrian case for association with the EEC stems from its economic independence upon the Community and its exclusion from full membership because of its neutrality. Economically, the EEC constitutes Austria's biggest customer in that she channels to its members 50 per cent of her total exports. She imports from these countries at the rate of nearly 60 per cent if Greece is included in that figure. The EEC contains Austria's biggest single country market, namely, the Federal Republic of Germany. 26 per cent of Austria's exports go to that country alone. In view of these economic realities, to be excluded from the EEC would be disastrous for the already
fragile Austrian economy. Furthermore, in light of the economic ties between Austria and the Community, for her to attempt a policy of autarky as a form of "economic independence" is out of the question. Similarly, the mere maintenance of the present geographic distribution of trade cannot assure independence for the Austrians. This is especially true if we consider the Soviet interpretation of "a more even balance of trade," that is, more trade with the Soviet bloc. Such an interpretation would invariably lead to economic and political subservience if Austria should be discriminated against in important western markets.

Of the three States, Austrian neutrality would appear to be in the most delicate position and subject to the most immediate and serious political pressure. Austria must maintain and consolidate the international recognition and acceptance of her status of permanent neutrality. Moreover, she must demonstrate to the Soviet Union that the terms and obligations of the Constitutional Law of Neutrality are being observed in her foreign relations. It must also be remembered that under Article 4 (2) of the State Treaty, Austria is forbidden from entering into any agreement which would have the effect, directly or indirectly, of promoting either political or economic union with Germany. She has in the past
received warnings from the Soviet Union which interprets the Community as a "military alliance," that association with the EEC might be construed as an unfriendly or unneutral act. In support of this argument, Professor Verdross, an authority on Austrian neutrality, concluded: "A permanently neutral State cannot join a multinational economic group such as the Common Market because such an organization aims at fusion of the national economies, and to this end it deputes authority to a central organ to follow a united economic policy which is binding on the member State."¹²

The Government, in defending its position, stated that while such an attitude may be justified in the event that Austria should consider full membership in the EEC, it does not apply to consideration of an association agreement. Austria must establish an agreement of an institutional relationship which will operate only within an exclusive economic sphere, and which will reserve the right to withdraw from association status in case of war or threat of war. The Austrian spokesmen have made it clear that they feel in no way obligated to pursue the kind of ideological and economic neutrality the Soviet Union appears to have in mind. It would appear that the law of permanent neutrality, the basic constraint placed upon Austrian policy, is in no
way directly relevant to economic policy questions, and that the obligation to maintain an independence in peacetime which will assure neutrality in the eventuality of a war is difficult to translate into economic terms.

Behind these statements and arguments for association is a fundamental interest in the integration of Europe. Having already participated in a number of integration organizations (EFTA and Council of Europe), Austria has clearly demonstrated her interest in such directions. It is now hoped that the practical approach which she takes towards neutrality (pragmatic adaption to the needs of the day, national and international) will allow her to take an active part in EEC. That the Community represents a threat to Austria politically and economically is undeniable. But it also represents an opportunity to demonstrate to the international community that neutrality does not have to mean isolation or ideological impartiality.

Association with the EEC does not in itself represent a threat to Austrian neutrality. Assuredly, the Austrian Government will not agree to any measures which violate her independence. The threat to Austrian neutrality rests in the reactions and interpretations of her actions in the EEC, especially those of the Russians. For if there is any limitation placed upon Austrian foreign policy other than those
contained in neutrality, it is certainly those resulting from Austria's relationship to the Soviet Union.

**Sweden and the EEC.** In the case of Sweden, political and economic considerations alone will determine her decision and method of implementation concerning association with the EEC. Unlike Austria and Switzerland, she has no legal status of neutrality to accommodate. However, Sweden does feel that her traditional neutralism is essential for the maintenance of the political status quo in the Baltic region. Thus, her preoccupation to avoid adverse Russian reactions that would place Finland in jeopardy is quite understandable.

The record of Swedish participation in the regional organizations and integration efforts since World War Two illustrates that the Swedes have consistently supported the integration concept. Her participation in the Marshall Plan, the OEEC and EFTA demonstrates this clearly. She was also instrumental in trying to achieve some reconciliation between the "Six" and the "Seven" in 1958-59. However, her estrangement from the EEC is understandable in light of her desire to remain non-aligned and un-involved in political union.

The prospect of finding herself discriminated against in her Western markets because of British membership in the
EEC created serious problems for Sweden economically and politically. In seeking association with the EEC, she hopes to alleviate both of these problems.

Economically, it is a "must" that Sweden find some sort of accord with the Community. Sweden is dependent upon a large amount of foreign trade to sustain her standard of living as well as pay for her huge defense budget. About 70 per cent of her exports are to Western European markets, of which 24 per cent go to the EEC countries. Scrapping the Western European tariff barriers would consequently mean an important advantage for Swedish exports if Sweden joins the market area and just as important a disadvantage if she remains outside.

An examination of one of Sweden's major industries, paper and paper goods, illustrates very clearly the significance of EEC association to her economy. The paper industry in Sweden exports roughly 9 per cent of her total export. Western Europe is the major market. Four-fifths of the paper exports go to this area. The breakdown within this market is: EEC countries take 48 per cent of paper exports while the EFTA takes only 21 per cent. The Federal Republic of Germany is the leading customer for these products, followed by Britain. To include Britain in the EEC would mean that Sweden's two biggest importers of a major industry would be
discriminating against her products. It also means that
the EEC would become a shortage area for paper goods, because
the major exporters of these goods, Sweden, Finland and Norway,
would remain outside the enlarged market. EFTA would become
a surplus area should it be able to continue without Britain.
What is true of the paper industries is also true of other
industries throughout the EFTA countries. Austria's many
German-owned industries would be in the same situation as
Finland's wood industry and Sweden's paper industry. Some
amount of urgency was added to the Swedish situation when
in 1962 a recession set in, causing many Swedish factories
and manufacturing companies to begin plans for some sort of
relationship with the EEC. This was especially true of her
distributing firms.

The debate surrounding the political consequences of
Sweden's negotiations with the EEC ranged from those advoca-
cating full membership and those in favor of association to
those arguing for strict observance of neutrality, which
would mean disengagement from the EEC altogether. Advocates
of full membership argued that Swedish neutrality was not a
legal status and, therefore, very flexible. They pointed
to the fact that the realization of the political aims of
the Rome Treaty had yet to be instituted, and that the
federalists within the EEC had lost the initiative. They
also pointed out that the political cooperation which the heads of government of the six States intend to develop has, therefore, been kept outside the Treaty and the institutions of the EEC. Finally, they felt that membership and association might both tie Sweden a bit, but full membership would give her influence in that body.

The arguments against full membership were clearly enumerated by Prime Minister Erlander in a speech before the Congress of the Steel Metal Workers Union on August 22, 1961. Excerpts from his speech include:

"...For us to be able to satisfy as far as we possibly can our foreign policy investment, we need a certain degree of freedom of movement both in practice and as laid down by formal agreements. Freedom from alliances is an important and substantial part of this freedom of movement, but it must be supported by a persistent effort to avoid any commitment even outside the sphere of military policy...."

On why the Rome Treaty would jeopardize Swedish neutrality:

"...There would be far-reaching consequences for Sweden were she to accept such a trade policy; it would mean that in this sphere it would no longer be possible for Sweden to pursue an independent policy. A consequence of our joining would be that a supranational institution would be authorized to direct Swedish trade policy in a way that was a complete departure from our commercial policy hitherto...."

On Swedish neutrality and European cooperation:

"...If Sweden is to maintain a policy of neutrality she cannot subscribe to such a political goal for European cooperation. I have stressed on previous occasions that we must avoid commitments restricting our chances of enlisting confidence in our policy of neutrality...."
...It would be extremely unfortunate if the idea were to spread that we felt so threatened by the economic consequences of exclusion from European cooperation that we were prepared to sacrifice what for so many years has been the main line of Swedish foreign policy...

Those who debated for disengagement altogether cited the need to maintain the status quo in the Baltic area. They also felt that any departure from the strict practice of neutrality could only endanger that policy and thus leave Sweden open to criticism and vulnerable to attack in time of war.

The decision for association with the EEC represented a compromise between these two extremes, plus the realities of economic isolation. In her arguments before the Community, the Swedish government laid stress on the limitation of her freedom to suspend or withdraw from her obligations in time of crisis or war and the freedom to sign agreements with third parties in her own name. In this manner, Sweden demonstrated the flexibility in her policy of neutrality and her continued practice of pragmatism in foreign affairs.

It is evident that Sweden has a bit more leeway in her practice of neutrality than does Austria. This is a direct result of the absence of any legal commitments to neutrality in the Swedish past. It is also a reflection of the fact that Sweden does not operate under the direct
influence of the Soviet Union. Her neutrality and independence are not directly related to satisfying the interests of the Soviets other than those concerning the Finns. In the Swedish case, the only pressures exerted upon her neutrality come from domestic sources as was evident in the debate over full membership into the EEC. The fact that there was considerable pressure in favor of full membership illustrates that Swedish adherence to neutrality is more or less of her own making. It also demonstrates that any major movements to further the integration of Europe in the future might look to the Swedes to set the example for neutral participation.

Switzerland and the EEC. The prospect of association with the EEC raises some important questions and dilemmas for the Swiss in their neutrality policy. Most significant of these concerns the rather narrow interpretation that the Swiss have developed toward their participation in international organizations. It is to be remembered that under the guidelines of their pronouncements on neutrality in 1954, the Swiss maintain that neutrals should avoid, whenever possible, membership or cooperation with intergovernmental organizations, because it is likely to involve the neutral in political activities. The Swiss have stayed close to such an interpretation by remaining outside the United Nations.
However, there have been instances where Switzerland has abandoned such a narrow view. These have occurred in the movement to unify Europe, although here we do find inconsistencies. The Swiss participated in OEEC and EFTA, both pure economic organizations, with little hesitancy. Their reluctance to join the Council of Europe, even after the British had successfully eliminated any political decision-making power from it, once again is a display of strict observance of the 1954 guidelines.

When the issue of association arose as a result of the British attempt to join the EEC, the request by the Swiss for some sort of cooperation came as a surprise to many observers of Swiss politics. (Her subsequent membership in the Council of Europe in 1963 added to the list of surprises.) Because the EEC was supposedly so politically oriented, it was expected that the Swiss would adopt the narrow interpretation of neutrality. However, there were other overriding circumstances and considerations to her dilemma.

The first of these considerations was her geographic position vis-à-vis the EEC nations and the economic consequences resulting from an isolationist policy. Geographically, Switzerland is in the middle of the EEC countries. Not only are her major trade channels through two EEC countries, Italy and West Germany, but she has a growing dependence on foreign
labor, mostly Italian. Were she to remain outside the EEC area altogether, the clauses in the Rome Treaty on the restrictions of labor could cut into her supply. A continued isolation by the Swiss who occupy a central position in Europe could also lead to accusations that her neutrality no longer served "in the interest of Europe."

The most pressure upon Switzerland would appear to be of an economic nature. Her growing trade links with Germany and Italy, and the fact that two-thirds of her foreign trade is with the countries of Western Europe carry considerable weight for association. The discrepancy between her trade figures for the EEC and EFTA are even more revealing. While 63 per cent of her total imports come from the EEC countries, only 12 per cent are from the EFTA. Export figures range from 42 per cent for the EEC to only 16 per cent for the EFTA. Of the three neutrals, the Swiss trade with the Eastern European nations and the Soviet Union combined receive only 3.6 per cent of Swiss exports while imports from those nations barely total 2.5 per cent. As a result, the economic considerations do deserve significant attention in the Swiss decision.

Against this must be set her desire to adhere to the
classical status of neutralization and to avoid commitments devolving from participation in certain types of international organizations. Switzerland also felt that her unique position in the field of mediation and good offices might suffer in the event of association with the Community. It is for this reason that the Swiss approach to the EEC is a cautious one. Yet, it would seem that in order to preserve her special status, it is necessary only for her to conclude such terms with the Community which would allow her to carry out the beneficial duties of a neutral in time of war. It is rather difficult to see how her sovereign independence or her neutrality would be threatened by limited participation in the efforts of the Community, given adequate limitations in the association agreement to cover her major preoccupation of neutrality.

There does remain one obstacle concerning economic cooperation between the EEC and Switzerland. Because the Swiss Federal constitution gives important economic powers to the cantons which the Federal Government cannot of its own volition and without complex internal procedures bargain away, any agreement would have to take into account the division of powers between the Confederate and Cantonal authorities in so far as the implementation of Community policy is concerned.
Conclusion. It is not yet clear how the problem of the neutrals and their relation to the EEC will be solved. The Community itself has yet to agree on its policy and seems unlikely to do so until the issues surrounding British membership are eliminated. The two French vetoes toward Britain's gaining access in 1963 and again in 1966 have for the time being delayed the break-up of the EFTA organization. Thus, they also put off the dilemma facing the neutrals in the event of such an occurrence. But now that General De Gaulle has departed from the European scene, the prospects for British entry are again bright. Again, the neutral issue is sure to be raised.

Meanwhile, there have been currents against the inclusion of neutral nations in the efforts of European integration and in the EEC in particular. The early 1960's found Under-Secretary of State for the United States, George Ball, raising serious objections about the neutrals and their intentions. He charged that they would hide behind their neutrality, thus protecting themselves from any political involvement in European affairs while reaping the economic benefits of association with the Community. His charge found ready recipients among several Community representatives, notably Professor Hallstein and Paul-Henri Spaak. Showing signs of
impatience with neutrality, they claimed the neutral countries should either come or stay out.

The neutrals reacted to such charges in typical fashion. The Swiss were especially adamant about Secretary Ball's accusation. They felt endangered by his statements. In retort, they claimed that they are truly neutral, and that Europe cannot be without them. The Austrians stated that they were only considering association as a means of maintaining a link with the Western world, and that they had no plans for isolation from their ideological commitments to neutrality and democracy. The Swedes felt less endangered by these charges, because, as has been stated, theirs is a more elastic form of neutrality and is, therefore, in better position to cope with such circumstances.

There is one final point that illustrates best the objective of this discussion. At the time of the first British application to the EEC, the EFTA countries signed an agreement known as the London Declaration of June, 1961, which bound them to not sign any agreements with the Community until all of their number were assured of attaining satisfactory arrangements. The neutrals in particular were adamant in presenting a common front to the EEC as was expressed by their collaboration on the requirements of
neutral ity. But, after the French vetoed the British application in 1962, it was decided that each country should negotiate individually with the Community. This was a result of the realization on the part of those countries that British membership did not automatically mean that they would ride her coattails into the Community as they had thought. Among the neutrals, differences in the practice of neutrality made only the broadest guidelines possible. For Sweden to be excluded because the Swiss take a narrow interpretation of neutrality and international organizations was proven to be as absurd as if Finland should demand that no neutral could join the EEC if she, because of her neutrality, could not. Consequently, any re-opening of negotiations with the EEC will be done individually, with each country bargaining on its own basis, tantamount to its own interests and circumstances.
This study has had several, but limited objectives. First, through the discussion of neutrality and its historical evolution, it was demonstrated that there had occurred several significant changes in the concept, many of them since the end of the First World War. The chief responsibility for those changes lies with the establishment of a collective security system, (League of Nations and the United Nations) where neutrality was practically outlawed; and the arrival of the cold war in international politics. Also illustrated by such a discussion was the fact that there has been and remains today a discrepancy between neutrality in coded law and in actual practice. In other words, States which desire to practice a foreign policy under the guidelines of neutrality do not operate in a political vacuum. Their attempts to adhere strictly to the coded laws of neutrality will be thwarted by political pressures, both internal and external, upon them. As a result, there exist in practice many different degrees and levels of neutrality, continually evolving and changing relative to the shape of the international community and its political power structure. It would seem, then, that neutrality means different things at different stages in time.
A second objective has been to demonstrate some different levels of neutrality by examining the individual policies of four European neutrals. By means of a discussion on their relationship to international political pressures in general and then on the specific pressures generated by the issue of European integration, significant differences were found to exist between these four States in regard to their orientation, guidelines and practice of neutrality. These differences exist despite many commonalities among them such as ideology, political orientation, culture and race, and geographic position. Overriding these common features are geographic position relative to the two cold war blocs, presence or absence of legal attachment or obligation to neutrality, domestic make-up, credibility of neutrality, and commitment to such a foreign policy. These forces were found to be instrumental in shaping the individual policies of neutrality in the four European States.

It was also demonstrated that neutrality in the cold war actually places a nation between the two contending power blocs. In many cases, this results in their becoming a pawn in the struggle, subject to political pressure from the two sides, both tugging and enticing the neutral to moderate or abandon its perilous and insecure position for the relative security of the power bloc. Austria and Finland are excellent
examples of such a situation. None of the neutrals find themselves in an isolated position vis-a-vis the East-West struggle. Indeed, the large number of articles entitled "between East and West" points up the neutrals' position in international politics. (Fit in any of the four nations.) Here again is an illustration that the original definition of neutrality, meaning isolation from ideological and political conflict no longer applies. With the development of the cold war and neutralism, the concept of traditional neutrality may only exist in the event of a "hot" war. However, even this possibility is threatened by the prospect of nuclear annihilation. In such a case, there does not seem to be any place for impartiality, or isolation.

The final and most important objective has been to explain the neutral's position relative to European unification. We have not attempted to answer the major question as to whether the neutral States' roles in European integration constitute a help or a hindrance toward the final goal of political unification. Such a question initiates an on-going and open-ended debate which cannot begin to be settled until there is agreement within Europe on the character and scope of the final solution.

However, we might at this time take a quick look at this major debate. Basically, it breaks down into two sides.
one side are those who argue that the neutrals constitute a major hindrance to European integration simply because they have an overriding commitment to neutrality. In the final solution of European unity, there can be no neutrality, and that for these nations to benefit from the fruits of what limited integration has taken place (economic) while showing no indication of any sort that they intend to sacrifice any of their sovereignty or independence is simply not acceptable. They also argue that by maintaining a commitment to neutrality, these States undermine the principles of integration because they demonstrate a lack of faith in the possibilities of such a goal. Finally, they also lend support to those forces, while not neutral, which are opposed to the concept of a united Europe.

On the other hand, the neutrals argue that those who accuse them of a demeaning intent do not understand or comprehend the circumstances of neutrality. They suggest that until agreement is reached on the final solution to integration, one that would guarantee them security and stability, they have a right to participate in the limited cooperation which now exists. To deny them this would mean, in the end, to deny them any role in a united Europe. For to expect that the neutrals would join in the final solution of an integrated Europe, having been denied no ties or participation previously,
is absurd. Not only does it take time and effort to integrate economic and political systems, but there must be a number of precedents established for such action. The neutrals also maintain that they aid the integration movement by providing places for moderation, compromise and good offices.

Although we have not attempted to deal directly with this debate, indirectly we have confronted it. The discussion on the problems and dilemmas confronting the neutrals by the integration movement focused our attention on the fact that the neutrals have changed and moderated their stand on neutrality in response to the circumstances and demands made upon them. Surely Finland challenged the "Paasikivi line" of appeasing the Soviet Union when she sought association with the EFTA. Austria also endangered her neutrality when she asked for association with the EEC. (Since that time, the Soviet Union has made it clear that she would not let Austria join the EEC.) However, for the most part, these moderations have been rather insignificant to many critics of the neutrality. Their case is bolstered by the fact that the failure of the British to be admitted into the EEC in 1963 and 1966 has sufficiently put off any further adjustment that the neutrals might have to make. Until the British question is settled, the neutrals are in a relatively secure position.
Finally, through our discussion of the neutrals and the EFTA and EEC, it is hoped that we may be able to see some kind of precedent being set in the event of British membership. Here again, we face an open-ended question. In light of the changes which have occurred in the last ten years regarding European integration and the cold war, and in regard to any special circumstances surrounding eventual British membership, we have only the foundations of these States' neutrality and their experiences of the early 1960's to enable us to understand their actions concerning European unity. As it is, it is far too little for any kind of authoritative prediction.
Chapter II


4. Ibid., p. 655.


10. Politis, op. cit., p. 11.


16. Ibid., p. 643.

17. Ibid., p. 644.
Chapter III

4. Ibid., p. 358.

Chapter IV

5. Ibid., p. 37.
Chapter V


4. Ibid., p. 36.

5. Ibid., p. 37.


18. Ibid., p. 53.
19. Ibid., pp. 50-51.

Chapter VII

5. Black, op. cit., p. 22.

12. Ibid., p. 531.


Chapter VIII


3. Ibid., p. 262.


9. Ibid., p. 1012.


12. Ibid., p. 274.

13. Ibid., p. 272.


Chapter IX


4. Ibid.


10. Ibid., p. 7-8.

11. Ibid., p. 8.


13. Ibid., op. cit., p. 124.
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