

English Summaries

VISA HEINONEN: How Did It Happen - NORDEK 1968-70: A Memory from the Past or a Real Alternative?

Co-operation between the Nordic countries has a long history. In the 19th century Scandinavism was an intellectual and political movement that stressed the common history and cultural heritage of the Scandinavian countries. In the latter decades of the century there was peaceful co-operation, in the form of, for instance, a postal and monetary union between the Nordic countries. At that time Finland was still a Grand Duchy of the Russian empire. After World War I there was an unfulfilled plan for a defence union.

In the 1950's the Nordic co-operation plan became topical and proceeded: the Nordic Council was founded in 1952, the ministers of foreign affairs of the Nordic countries held meetings once a year and common labour market among the Nordic countries was formed in 1954. Finland joined the Nordic Council in 1956 and participated from then on in the negotiations concerning the co-operation plan. When the EEC was founded in 1957 and EFTA in 1960, the Nordic co-operation plan lost its importance. All the Nordic countries except Finland immediately joined EFTA. Finland became an associate member of EFTA after having concluded an agreement in 1961.

All this created the background for the NORDEK plan, which was proposed by the Danish Prime Minister *Hilmar Baunsgaard* in winter 1968. The plan was to establish an economic union between the Nordic countries at a time when the general integration development in Europe was not proceeding. A committee of civil servants was established to negotiate a plan for deeper economic co-operation between Nordic countries. The committee gave its first report in January 1969, and it pro-

posed a many-faceted co-operation which was supposed to cover economic policy, scientific and energy policy, capital movements, trade and customs policy, industrial policy and even agricultural policy and fishing. The Nordic countries aimed at full employment, efficient production and a stable external balance, and growth of the standard of living without inflation.

In the winter of 1970 the fate of the NORDEK plan was about to be resolved. The course of the general European integration development had changed when President *Charles de Gaulle* resigned. Soon after this especially Denmark became interested in membership in the EEC. In Finland the situation in the internal policy was confused because a parliamentary election was approaching. Besides, the Finnish government was uncertain of possible reactions in the Soviet Union and tried to avoid giving the Soviet leaders the wrong picture of the Finnish plans concerning economic integration. The Finnish government emphasized the value of Nordic co-operation as such, and did not accept the idea of NORDEK being only a channel to the membership in the EEC.

President *Urho Kekkonen* travelled to Soviet Union during 24 and 25 February 1970. The details of the substance of his discussions with the Soviet leaders is still unknown, because he discussed with them alone with the help of an interpreter. Anyway it is known that the Soviet leaders resisted the NORDEK plan. The Finnish government reached its final decision regarding NORDEK finally in private discussions between President Kekkonen, Prime Minister *Mauno Koivisto* and Minister of Foreign Affairs *Ahti Karjalainen* in March 1970. On the 24th of March the Finnish government declared officially that it would not sign the NORDEK agreement. The reasons expressed

were the uncertainty of the fulfilment of the NORDEK and the fact, that Denmark, Norway and Sweden were about to begin negotiations with the EEC about possible membership.

After the collapse of NORDEK many of the proposed ideas were fulfilled, because all the Nordic countries were EFTA countries as well. Although the institutional superstructure of NORDEK was not realized, many ways of economic co-operation continue to exist between

the Nordic countries. *Jan Fagerberg* has estimated that growth potential as regards the mutual trade between the Nordic countries is still good especially in the industries like oil and gas production, vehicles, machinery, cloths, furniture, the metal industry and chemicals. Should the Nordic countries act still more co-operatively and more clearly as a pressure group with several common interests in the process of European economic integration?

HELI KOSKI: The Optimal Pricing of the Usage of Telematic Networks

Telematic networks enable new ways of communication and running errands. Despite of the belief that use of telematic networks will become an everyday mode of action (like the telephone) no economic research has been conducted on optimal pricing. Pricing has been based on neither costs nor benefits to consumers. There is a need for economic research of optimal pricing both in designing and developing telematic networks.

Characteristics of public commodities makes the value of usage of telematic networks difficult. It is shown in the article how the optimal price of usage of telematic networks can be determined by using the contingent valuation method (CVM). The value of a commodity is measured by consumers willingness to pay (WTP). A discrete choice function is used for determining the mean and median of WTP. The main advantages of discrete choice are similarity of normal buying decisions and consistency with conventional economic theory.

The possibility to use telematic networks means that the amount of information available increases. Attempts to determine the value

of information the value of information have encountered difficulties in the economics of information. The reason is the same as mentioned above in connection with the value of usage of telematic networks: characteristics of public commodities. The contingent valuation method is applicable to determining not only the value of the usage of telematic networks but also the value of information.

Empirical research is concerned with the local telematic network of Kuusamo. First the optimal usage price of the local network of Kuusamo is studied. And second attention is directed toward whether the local network of Kuusamo is profitable in terms of the economics of households, i.e. is it reasonable to sustain local telematic networks. It turned out that the local network of Kuusamo is profitable in terms of the economics of households, but in terms of business economics it does not yield profits, at least not the early years of the network. However, this does not imply that it is unreasonable to sustain the local network of Kuusamo, but it states arguments for using public financing to some extent to cover costs. The study points out that it is not always reasonable to use merely indicators of business economics when estimating costs and benefits.