

# 'You'll hate it': why the Norway option amounts to self-inflicted subservience to the EU



*Why did David Cameron decline 'the Norway option', and why did the Norwegian prime minister warn Britain against Brexit, saying 'You'll hate it'? **Erik O Eriksen (University of Oslo)** argues that for the UK, the so-called Norway option of EEA membership would amount to self-inflicted subservience to the EU. Norwegians have traded any say in EU rules for all-important access to the Single Market.*

Norwegians voted against joining the EU in 1994. The argument that they should not be governed by laws decided elsewhere won the day. Paradoxically, however, the No vote has ended up undermining Norwegian sovereignty.

This is because EU countries have established European public goods – in particular, the Single Market – that responsible Norwegian politicians could not disregard. The abolition of borders, trade barriers and protectionism has made Europe the largest market in the world. For the great majority of Norwegian parliamentarians, exclusion from this market was seen as a too high a price to pay for national self-determination. Hence, despite voting No, Norway kept the Agreement on the European Economic Area (EEA), which had entered into force before the referendum. This is the most comprehensive international agreement Norway has ever entered into. The EEA provides access to the EU's Single Market for Norway, Iceland and Liechtenstein, and is constantly upgraded and expanded to enable the free movement of goods, services, labour and capital. Furthermore, the number of EU legal acts, regulations and directives has grown at an exponential rate, surpassing 11,000 legal acts.



Nordic and EU flags.

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In 1994, Norwegians rallied around democratic principles: the right to self-determination, sovereignty and democracy. But every government since then has brought Norway closer to the EU, and a number of additional parallel agreements have been signed, which include border controls (Schengen), asylum and police cooperation. Norway even puts troops at the disposal of the EU's battle groups. Approximately three-quarters of the legislation that applies to the member states applies to Norway. In order to ensure the conformity of the Single Market, the same rules apply to EEA partners as to EU countries (the homogeneity principle).

## Taxation without representation

When one considers the sheer volume of agreements, and the establishment of new EU authorities and agencies to which Norway cedes sovereignty, the implications for national independence and democracy are severe. Norway has relinquished sovereignty in a number of areas through regular majority voting: it pays roughly on par with EU members (through the EEA financial contributions), and is subject to EU law on the same basis as EU member states. Norway has surrendered sovereignty without receiving anything in return in the form of co-determination that EU membership would have granted. The principle of 'no taxation without representation' made famous in the American Revolutionary War does not seem to apply to contemporary Norway.

The EEA countries are not represented in the decision-making institutions in the EU, and cannot accept direct decisions by the Commission or the European Court of Justice. The EEA Agreement has therefore established the EEA EFTA bodies to match the ones in the EU, often referred to as the two-pillar EEA structure. The joint EEA bodies bind the two pillars together, and the most important body is the EEA committee, which is responsible for amending the relevant legal acts from the EU to the EEA law. These binding legal acts are then to be adopted by the national governments of the EEA countries. National parliaments do in theory have the right of reservation on EEA legal acts, but the cost of applying it is considered so high that none of the EEA countries have used it so far. Overall, the EEA agreement is designed in a way that national governments should not be able to pick and choose which legal acts to adopt and not, as this would be a violation of the principle of homogeneity.

In reality, the EU dominates EEA countries, not by intention, but by default. Because they have rejected membership in the EU, but seek access to the Single Market, the EEA members become acquiescent to the EU. Being dependent on the will, even the goodwill, of others is not freedom – it is dominance. By rejecting EU membership but not the Single Market, the associated non-members have become subject to the hegemonic dominance of the EU. These states have unintentionally turned the EU into a hegemon ruling over themselves. They have to accept the four freedoms, the regulatory regime's environmental, health and safety standards, and the abolition of all barriers to trade and price competition. EU law must apply and take precedence over domestic law in order to safeguard the integrity of the Single Market and the equal treatment of actors.

Norway is dominated by the EU because it prioritises access to the European common goods within a framework of international law. A majority of Norwegians have rejected EU membership but cannot back their claims by credible threats while the EU can destroy the whole arrangement at little cost to itself. This dominance has emerged because of asymmetric power relations: there is no parity of power that would render the use of threats or counter-measures credible under international law, nor are there possibilities for participation in systems of joint decision-making that would allow associated states to wield influence or demand justification under EU law.

## The integration trap

Norway has fallen into a trap – *the integration trap* – from which there currently is no escape. The alternatives to the EEA are either full EU membership or a free-trade agreement (FTA). The first way out is blocked because of the prevailing Euroscepticism in the country. The EU is almost demonised in Norwegian public opinion, and no political parties have dared to suggest another referendum. Change without a referendum is unthinkable.

The other way out of the integration trap, namely termination of the EEA and the other agreements, is also blocked. In theory, Norway could protect its sovereignty and democracy by leaving the EEA and establishing an FTA with the EU. It is however unlikely that Norway can obtain an FTA similar to Switzerland's. The EU has no interest in extending it and has signalled that more countries ought to join the EEA model, which is non-bureaucratic and entails little cost.

Moreover, Switzerland, which has a great number of agreements with the EU, seems to have the same problems as Norway in putting limits on the EU's influence. This is because the EU is not a regular inter-governmental organisation, the effects of which can be restricted. It is rather a quasi-federal organisation.

## Executive dominance

What is peculiar about the form of dominance that the associated non-members experience is that it is both structural and voluntary. It is an arrangement that accidentally inhibits and intimidates the parties. The management of externalities and collective action problems created by interdependence is skewed by a European political order that favours full members of the EU. By being excluded from common decision-making procedures, Norwegians find themselves second-rate Europeans. Their political rights are undermined due to the absence of *institutional provisions* that would allow countries like Norway to co-determine their common action norms. The democratic chain of government – where citizens authorise political power through elections and public debate, which they, in turn, can punish or reward through new elections – has been broken. While other countries of Europe convene around the same table to solve common problems, Norway must resort to old-fashioned diplomacy and lobbying. The result is an increase in levels of executive dominance.

Although European states such as Norway or Switzerland have different kinds of relationships with the EU, they are all becoming increasingly integrated into the union, without any formal say on its affairs. These states have given up national sovereignty without any compensation at the EU level, and the UK's Brexit debate should be informed by their experience.

*This post draws from a chapter – Despoiling democracy – in [The European Union's Non-Members: Independence under hegemony?](#) co-edited with John Erik Fossum (London: Routledge, 2015). This post represents the views of the authors and not those of the Brexit blog, nor the LSE.*

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Professor Eriksen will be speaking at an LSE public event entitled "[The Brexit Alternatives and their Implications](#)" on Monday 27 November 2017 6:30pm to 8:00pm, hosted by the European Institute and the Institute of Public Affairs.