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## BRITISH POLICY TOWARDS THE SCANDINAVIAN COUNTRIES AT THE BEGINNING OF THE 1930s \*

Great Britain's traditional interest in Baltic questions was once again confirmed by her activity after World War I. This does not mean that the Baltic was a region of decisive importance for the imperial policy of the United Kingdom. Nevertheless, London had no intention of giving up the significant position Great Britain had occupied in this region before World War I. The principle that British policy is guided by British trade interests was confirmed also in this part of Europe. Great Britain played a leading part in the developing Baltic trade facilitated by the abolition of dues in the Danish straits on April 1, 1857.<sup>1</sup>

After her unification in 1871, Germany became an important rival of the British economy and trade. Owing to the increasing world competition and the weakening position of the United Kingdom, Joseph Chamberlain, Secretary of State for the Colonies, proposed, as early as May 1903, a restriction in the use of liberal economic principles and the introduction of a "policy of protection and Imperial preference".<sup>2</sup>

One of the manifestations of Germany's expansion in the Baltic was the fact that Berlin took advantage of Russia's defeat in the war against Japan in 1905 to conclude a favourable trade agreement with her. The result was that German ships began to reduce the participation of the British fleet in trade with Russia.

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\* The term embraces Sweden, Norway, Denmark, Iceland and usually also Finland.

<sup>1</sup> J. Zaleski, C. Wojewódka, *Europa Bałtycka. Zarys monografii gospodarczej* [Baltic Europe. An Outline of an Economic Monograph], Wrocław 1977, pp. 38-39.

<sup>2</sup> J.H. Richardson, *British Economic Foreign Policy*, London 1936, p. 17.

Although the political alignment changed in the Baltic after World War I, Great Britain strove to maintain her leading role. Until the outbreak of the October Revolution in Russia, London was mainly interested in eliminating the strong German influence in the Baltic region, especially in its eastern part. At that time Great Britain regarded the independence of the nations of that region as, at most, a secondary problem. The disintegration of the Tsarist Empire facilitated the proclamation of the independence of Finland (December 1917), Estonia (February 1918), Latvia (April 1918) and Lithuania (March 1918). The emergence of a new political alignment in the eastern part of the Baltic intensified the competition for influence between Great Britain, defeated Germany, Soviet Russia and France. The fall of the Russian and German empires gave the United Kingdom an opportunity to increase its influence at a cost that in London's opinion would be relatively small. At the end of 1918 and the beginning of 1919 Britain formulated two main aims of her Baltic policy : 1) to strengthen the existing economic links and establish new ones in the eastern part of the Baltic, and 2) to prevent the unification of German and Soviet forces.

The Scandinavian countries, especially Sweden, disapproved of British activity and sought to reduce Britain's lucrative trade. Finland, situated on the borderline between Scandinavia and the emerging Soviet Russia, had adopted a wait-and-see attitude ever since the conclusion of the armistice with her eastern neighbour.\*

In accordance with a plan worked out in November 1919, Great Britain regarded the emerging bloc of the Baltic states (Lithuania, Latvia and Estonia) as a barrier separating Russia from Germany and as an economic bridge between Great Britain and Soviet Russia. It was the Soviet market that was the main aim of British policy towards the Baltic countries. London was of the opinion that British presence in these countries was a necessity in view of the possibility of winning the Russian market and consequently, of enlivening transit trade. At the same time the British govern-

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\* W.A. Fletcher, *The British Navy in the Baltic, 1918-1920: Its Contribution to the Independence of the Baltic States*, "Journal of Baltic Studies", Vol. VII, 1976, No. 2, pp. 135, 139.

ment did not make a secret of the fact that the victory of White Russia would make it difficult to find a justification for maintaining the independence of Lithuania, Latvia and Estonia.<sup>4</sup> Finally, in 1918 - 1920, following the fall of White Russia and the defeat of Germany, Great Britain for a short time replaced these two great powers' domination by establishing a grouping made up of the new Baltic states situated between Soviet Russia and Germany.<sup>5</sup> Approving of this situation, the Baltic states expected Great Britain to take a permanent, not only a temporary, interest in that region.

A different attitude was taken by the Scandinavian countries which after, as well as before, the conclusion of World War I sought to maintain neutrality. That is why they refused to participate in an anti-German and anti-Soviet bloc proposed by Great Britain and the Baltic states.<sup>6</sup> But the neutrality of each of the Scandinavian countries had its specific features, due to past experience. As an example one can recall that one of the reasons why the Swedish—Norwegian union established in 1814 was dissolved in 1905 was the Norwegians' fear that the continuation of too close links with their eastern neighbour might, in the event of war, put their country on the side of Germany. The policy conducted by the two countries during World War I undoubtedly influenced their attitude in the post-war period. During the war, Sweden gave priority to trade with the Central Powers while Norway focused

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<sup>4</sup> D. Kirby, *A Great Opportunity Lost? Aspects of British Commercial Policy Toward the Baltic States, 1920 - 1924*, "Journal of Baltic Studies", Vol. V, 1974, No. 4, Winter, pp. 375 - 376. The Baltic aspect in British-Polish relations in the years 1918 - 1923 has been presented by M. Nowak - Kiełbikowa in her interesting work *Polska—Wielka Brytania 1918 - 1923. Kształtowanie się stosunków politycznych [Poland—Great Britain, 1918 - 1923. The Shaping of Political Relations]*, Warszawa 1975. Great Britain was opposed to Poland's growing role in the Baltic region (pp. 330 - 332 ff.), being afraid lest France, through Poland, should increase her influence in the Baltic.

<sup>5</sup> E. Anderson, *The British Policy Toward the Baltic States 1918 - 1920*, "Journal of Central European Affairs", Vol. XIX, 1959, p. 289. Great Britain's Baltic policy up to the mid-1920s is touched upon in the work by A. Skrzypek, *Związek Bałtycki 1919 - 1925 [The Baltic Union, 1919 - 1925]*, Warszawa 1972, in which the problem, as the author himself says, plays a marginal role, pp. 130, 18, 30 - 31 ff.

<sup>6</sup> E. Anderson, *The Role of the Baltic States Between the USSR and Western Europe*, "East European Quarterly", Vol. VII, 1973, No. 4, pp. 390 - 391.

her attention on trade with the Western states.<sup>7</sup> Nor can one speak of any joint foreign policy of the Scandinavian countries, especially up to the beginning of the 1930s. Not a single joint meeting of the Scandinavian foreign ministers was held in the years 1920 - 1932.<sup>8</sup>

But Great Britain's political and economic efforts in the Baltic in the 1920s did not bring any significant successes as the initial period, the years 1918 - 1920, had seemed to promise. This applies particularly to the eastern part of the Baltic sea. After some achievements in combating the influence of Germany and Soviet Russia in the years 1918 - 1920, the British government encountered intensified German and Russian activity in the next ten years. At the beginning of the 1920s, London seemed to have reconciled itself to the fact that due to geographic reasons Germany would dominate the market of the Baltic countries. There was no desire in London to create lasting foundations for the emerging links between Great Britain and the Baltic states. Even after the delayed *de jure* recognition of the independence of these states (Latvia's and Estonia's independence was recognized on January 21, 1921 and that of Lithuania in December 1922), the Board of Trade, the Treasury and the Foreign Office found it undesirable to establish close contacts with the uncertain economies of the Baltic republics. A report prepared for the Foreign Office in December 1920 described Germany, due to her geographic position, as "destined by nature" to conduct trade, especially exports, in the Baltic area.<sup>9</sup>

Of basic importance for the shaping of the international balance of forces, also in the Baltic basin, was the German-Soviet treaty signed at Rapallo in 1922. The treaty opened a new stage in Baltic diplomacy. After 1922 Germany found it advisable not to encumber her relations with Soviet Russia by conflicts over differences in the two states' Baltic policies.<sup>10</sup> German influence in

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<sup>7</sup> W. Keilhau, *Britain and Norway, A. Survey of Mutual Relations, "The Norseman"*, 1953, pp. 2 - 3.

<sup>8</sup> L. Kalstrom, *Beginning and End of Norwegian Neutrality, "The Norseman"*, 1951.

<sup>9</sup> D. Kirby, *op.cit.*, pp. 376, and 364, 365.

<sup>10</sup> J. Hiden, *Germany and Europe 1919 - 1939*, London—New York 1977, pp. 88 - 89 ff.

the eastern Baltic area was increased still further by the Locarno Treaties concluded in 1925.<sup>11</sup> Consequently, in 1926, the Foreign Office came to the conclusion that Great Britain should not in the future oppose any changes in the status of the Baltic countries, including "their re-absorption by Russia". This marked the end of the British withdrawal from the eastern part of the Baltic.<sup>12</sup>

In this situation Britain's traditional links with Scandinavia assumed a still greater significance. Tables 1 and 2 show the leading exporters' and importers' share in 1929 in trade with the states having access to the Baltic sea.

Table 1: Principal Exporters to the Baltic Sea Countries  
(in million U.S. gold dollars)

States	Years			
	1929	1931	1933	1934
Germany	522	340	139	128
Britain	218	133	116	137
United States	209	113	50	57
Netherlands	63	41	22	23
France	65	43	20	20
Belgium	36	28	18	18
Others	481	358	198	198
<b>TOTAL</b>	<b>1,594</b>	<b>1,036</b>	<b>564</b>	<b>571</b>

Source: A. Gazel, B. Polkowski, *Handel międzynarodowy państw regionu bałtyckiego 1929—1935 [The International Trade of the States of the Baltic Region, 1929—1935]*, Gdynia 1937, p. 15.

The figures show that Germany had a clearly predominant position in exports to the Baltic region, greatly outdistancing Great Britain and the United States. In imports, the first place was held by Great Britain, with Germany and the United States lagging far behind. A comparison of exports and imports shows that the United Kingdom had an adverse balance of trade with the coun-

<sup>11</sup> *Idem*, *The Baltic Germans and German Policy Towards Latvia after 1918*, "The Historical Journal", Vol. XIII, 1970, No. 2; *idem*, *Germany and Europe...*, pp. 94-95 ff.

<sup>12</sup> H.I. Rogers, *Search for Security 1920-1934. A Study in Baltic Diplomacy, 1920-1934*, London 1975, pp. 34-36.

Table 2. Principal Importers from the Baltic Sea Countries  
(in million U.S. gold dollars)

States	Years			
	1929	1931	1933	1934
Britain	506	385	239	239
Germany	129	143	81	81
United States	75	47	33	33
France	51	44	26	26
Belgium	43	35	20	20
Netherlands	47	30	21	21
Others	461	303	164	164
TOTAL	1,512	987	584	593

Source: A. Gazel, B. Polkowski, *op. cit.*, p. 16.

tries in the Baltic basin. In this respect the year 1929 was representative of the entire period of the 1920s.

The world economic crisis also affected the British economy. The fall in employment in that industrial country illustrates the scale of the problem. In the spring of 1933, the number of the registered unemployed vacillated between 2.7 million and 3 million.<sup>13</sup> In order to overcome the crisis or at least to alleviate its effects, Great Britain was forced to depart from the principles of economic liberalism. Steps were taken to protect actively the interests of the British economy in international trade. The decision to depart from the gold standard (passed by Parliament within a single day, on September 21, 1931) made it easier to adopt a protectionist policy in foreign trade. The Import Duties Act of February 28, 1932 was to enable Britain to balance her trade more quickly.<sup>14</sup> The Act changed the previous, mainly fiscal, character of the customs system, under which a 10 per cent *ad valorem* duty

<sup>13</sup> F.M. Miller, *National Assistance or Unemployment Assistance? The British Cabinet and Relief Policy, 1932-1933*, "Journal of Contemporary History", Vol. IX, 1974, No. 2, pp. 165-166. Among books discussing the effect of the crisis on the economies of Great Britain and the Scandinavian countries one can mention: D.H. Aldcroft, *The European Economy 1914-1970*, London 1978, pp. 80 ff; J.S. Davis, *The World Between the Wars, 1919-1939. An Economist's View*, Baltimore-London 1975, pp. 251-252 ff.

<sup>14</sup> For the text of the Act see: British and Foreign State Papers (henceforward referred to as BFSP), Vol. CXXXV, London 1932, p. 17.

was imposed on imported goods, and replaced it by protectionist measures.

The United Kingdom set about improving its economy on the basis of these decisions by establishing new conditions for economic cooperation with the Commonwealth countries, which had introduced protective tariffs dozens of years before. New principles to govern mutual trade were elaborated at an imperial conference held in Ottawa from July 21 to August 20, 1932. The member countries' economic privileges were extended by the abolition of duties on many goods sent to the Metropolis. In return, Great Britain was guaranteed increased exports of finished products to the Commonwealth. The importance of the agreement is proved by the fact that a special clause excluded the possibility of the agreement being denounced within a five-year period. The only exception was made for India, which could denounce it after six months. On the basis of the Ottawa Agreement, on October 17, 1932, the British government denounced (six months before expiry) the trade agreement with the Soviet Union, which was based on the most-favoured-nation clause.<sup>15</sup>

Among the countries which were the most affected by Great Britain's departure from the principles of free trade and the introduction of protective duties were Denmark, Sweden, Holland, Belgium, Italy, Finland, Poland, Chile and Argentina.

It was with the Scandinavian countries as a group of states that Great Britain initiated trade negotiations on the basis of the Import Duties Act of February 17, 1932. On October 17, 1932, a proposal was submitted to Denmark, Norway and Sweden to hold talks in London on changes in the existing principles of economic cooperation. The three countries were informed in a semi-official way that the negotiations would not be aimed at revising the previous treaties but at introducing some modifications, in the form of new trade agreements. The Scandinavian countries, having very strong economic ties with Britain, accepted the proposal. There were two main reasons why Britain concentrated her efforts at first on the Scandinavian countries. First, the United Kingdom had well developed trade contacts with these states and

<sup>15</sup> "Survey of International Affairs", 1932, London 1933, pp. 28 - 29.

a persistent adverse balance of trade with Denmark and Sweden, but not with Norway. The other reason was that the economies of the Scandinavian countries depended on exports, and Britain was their main market. Owing to the fact that their balance of trade was influenced by trade with Great Britain and that they were members of the sterling bloc, the Scandinavian countries abandoned the gold standard (September 29, 1931) as soon as London introduced the paper pound and devalued it by 30 per cent (September 21, 1931).

Great Britain played a leading role in the trade of the Scandinavian states not only because of the size of their exports to Britain but, since they lacked such basic raw materials as coal, crude oil and grain, also because of the importance of the products which they imported from Britain. In 1931, Britain took 27 per cent of Norwegian exports, 44.7 per cent of Finnish exports and 61.2 per cent of the exports of Denmark <sup>16</sup> (Table 3).

Table 3. The Share of Great Britain's Imports in the Scandinavian Countries'. Total Exports of Selected Groups of Commodities in 1931

States	Products of animal origin	Timber	Wood pulp, cardboard, paper	Metal ores
	%	%	%	%
Sweden	68	47.9	28.4	17.4
Denmark	76.6	—	—	—
Norway	23.9	72.2	46.3	22.4
Finland	63.5	49.4	41.4	—

Source: A. Jałowicki, *Konkurencja węglowa polsko-brytyjska...* (cf. note 16), pp. 131—132.

The figures in the Table show that Great Britain took more than half of the exports of goods which were of fundamental importance for the economy of the Scandinavian countries, such as

<sup>16</sup> A. Jałowicki, *Konkurencja węglowa polsko-brytyjska na rynkach skandynawskich* [Polish-British Coal Competition on Scandinavian Markets], Toruń 1935, pp. 128—133; T. Łychowski, *Problem anglo-skandynawski* [The Anglo-Scandinavian Problem], "Polska Gospodarcza", 1933, No. 8, pp. 260—263.



timber, paper industry products, agricultural produce and metal ores, and was the largest importer of goods from Scandinavia. As far as Scandinavian imports were concerned, Britain was second after Germany but was the largest supplier of coal to Scandinavia. The most important problem for Britain in the trade negotiations with the Scandinavian countries was to increase her export of coal (Table 4).

Table 4. Coal Exports from Poland, Great Britain and Germany to Scandinavian Markets in the Years 1925—1930 (in thousand metric tons)

Year	Poland	Great Britain	Germany	1925 = 100		
				Poland	Great Britain	Germany
1925	505	9,020	1,277	100	100	100
1926	4,107	3,203	3,491	813	36	273
1927	4,055	7,602	2,724	803	84	213
1928	4,924	6,675	1,460	975	74	114
1929	5,148	8,518	2,015	1,019	94	158
1930	5,413	7,012	1,715	1,072	78	134

Source: J. Szymański, *Stosunki gospodarcze Polski ze Szwecją...* (cf. note 17), p. 37.

The main aim of the British economy with regard to the Scandinavian countries was to regain the coal markets she had lost after 1926 to Poland and Germany as a result of the strike of British miners. The world economic crisis increased competition between the main coal exporters in Europe, that is, Great Britain, Germany and Poland. Attempts to solve the problem under the auspices of the League of Nations brought no results. Bilateral negotiations offered the only chance. As late as 1928 Great Britain, applying economic pressure, succeeded in forcing Denmark to increase her imports of British coal. British-Polish competition for coal markets was the most visible in Sweden.<sup>17</sup>

On the eve of the agreement with Denmark — the first Scan-

<sup>17</sup> J. Szymański, *Stosunki gospodarcze Polski ze Szwecją w latach 1919 - 1939* [Poland's Economic Relations with Sweden in the Years 1919 - 1939], Gdańsk 1978, pp. 36 - 74.

dinavian agreement to be signed on the new principles<sup>18</sup> — the state of the British economy was as follows in the opinion of experts from the Board of Trade. The number of registered unemployed was 2,776,184 on March 20, 1933, having increased by 80,454 since February 20. A certain improvement could be noted in foreign trade. The value of imports was reduced from £ 61,181,000 in March the preceding year to £56,364,000 in March 1933 while exports rose from £31,196,000 to £32,551,000. In the first three months of 1933 imports were worth £159,241,000, compared with £193,441,000 in the first quarter of 1932, but at the same time there was a decrease in exports from £92,331,000 to £89,706,000. During the first 13 weeks of 1933, the average weekly coal production amounted to 4,346,000 metric tons, i.e., 2.4 per cent less than in the corresponding period of 1932 and 4.9 per cent less than at the end of 1930 and the beginning of 1931. The average weekly coal production in 1933 was 79 per cent of that in 1913 and 87 per cent of the production in 1929. In maritime transport the freight index dropped to 75.81 per cent, compared with 87.31 per cent in March 1932, the year 1913 being taken as 100. The situation in the shipbuilding industry was on the whole unchanged.<sup>19</sup>

The reason why Britain's first agreement was signed with Denmark on April 24, 1933 was the considerable deficit in Britain's trade with that country and the dependence of the Danish economy on exports to Britain. Foodstuffs were the main item in Denmark's exports. This situation made it easier for Britain to negotiate. Copenhagen did not hurry to hold talks with London since in 1931 Danish exports to Great Britain amounted to £ 54,000,000, while British exports to Denmark were worth only £ 10,250,000. London realized that Denmark was playing for time. As late as 1931, the Foreign Office tried to persuade the Danes that a better balance in British-Danish trade would do

<sup>18</sup> BFSP, Vol. 136, London 1933, p. 327.

<sup>19</sup> Public Record Office, London (henceforward referred to as PRO), sig. CAB.4 240 (C.P.112 (33)). State of Trade—March 1933. Note by the President of the Board of Trade, Walter Runciman, 21st April, 1933. H.P. Gøtrik, *Danish Economic Policy, 1931-1938. The Repercussion of Modern Commercial Policies on Economic Conditions in Denmark*, Copenhagen 1939, pp. 25, 41-42 ff.

more to secure Denmark's interests in the future than any informal exchange of opinions with His Majesty's Government.<sup>20</sup> What made the Danes more willing to negotiate was the worsening of Denmark's economic and political relations with Germany.<sup>21</sup>

Two basic sectors were distinguished in the British-Danish agreement of April 24, 1933: the kind and amount of goods covered by trade and the problem of duties. The Danes made a number of concessions to allow their partner to increase exports and reduce adverse balance of trade with Denmark. Denmark pledged herself to increase considerably her imports of iron and steel. Under a gentlemen's agreement, she also agreed to encourage private enterprises as well as municipal authorities to place orders with Britain. One of the first results of these promises was an order placed with an English firm for the construction of a £ 2,000,000 bridge.<sup>22</sup> Moreover, Denmark agreed to meet her demand for some goods, such as jute, salt, saltpetre and paper fully in England. It should be added that these articles were used in the exports of foodstuffs to the United Kingdom.

As regards the problem of duties, Denmark did not raise tariffs on the goods imported from Britain and abolished many of them altogether. For example, the imports of coal, coke, iron and steel were to be free of duties.

The British side also made some concessions, especially as regards the import of agricultural produce and fish; it should be remembered that bacon, butter and eggs accounted for 95 per cent of the value of Britain's imports of agricultural produce from Denmark. The British side also guaranteed that the import of Danish bacon and ham would be no smaller than 62 per cent of

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<sup>20</sup> PRO, Foreign Office 371/16280 (No. 60/60/15). Minutes on problem of Anglo-Danish trade relations, 6th January 1932.

<sup>21</sup> Annual Register for the Year 1932, London 1933, p. 257; H.P. Gøtrik, *op.cit.*, pp. 51 - 61.

<sup>22</sup> Archives of New Acts (henceforward referred to as ANA), Warszawa, Ambasada Londyn (Embassy in London), sig. 217. *Pismo radcy handlowego Ambasady RP w Londynie do Ministerstwa Przemysłu i Handlu. Departament Handlowy, w Warszawie z dnia 27.IV.1933. Rezultaty podpisania umowy duńsko-brytyjskiej [Letter from the Commercial Counsellor of the Embassy of the Polish Republic in London to the Ministry of Industry and Trade, Trade Department, Warsaw, April 27, 1933. Results of the Signing of the Danish-British Agreement]*; H. P. Gøtrik, *op.cit.*, pp. 46 - 51.

the British imports of these articles "from foreign supplies", that is, from outside the Empire. The duty on Danish fish was fixed at 10 per cent *ad valorem*, and at the same time imports were cut by 10 per cent, compared with the average annual imports during the preceding three years.

The agreements signed with Sweden and Norway<sup>23</sup> on May 15, 1933 were of the same character as the one with Denmark. The only difference was the kind and amount of commodities covered by the agreements. Great Britain pledged herself to import wood pulp, newsprint and pit props from both countries free of tariffs. This looked like a great concession on the part of London. In fact, as documents show, the British regarded this concession as an offer of "less importance".<sup>24</sup> The import duty on fish and fish products was set at 10 per cent *ad valorem*, as in the case of Denmark. As regards Sweden, the greatest concession was the reduction of duty on packing paper from 25 per cent to 16.75 per cent, on iron and steel from 33.5 per cent to 20 - 25 per cent, and on timber and timber products from 20 per cent to 10 per cent.

Attention should be drawn to the way the British calculated the concessions they made to the contracting partners. When reducing import duties on basic commodities, experts from the Board of Trade defined at once the number of people that would lose their jobs as a result of such a step. The reduction of tariffs on packing paper, iron and steel, and timber was expected to lead to the loss of work by some 1,000, 600 and about 200 persons respectively. Together with the concessions made to Norway, the reduction of tariffs was expected to deprive more than 2,000 people of their jobs.<sup>25</sup> But the total balance of these agreements was decidedly to

<sup>23</sup> For the text of the agreements see BFSP, Vol. CXXXVI, London 1933, pp. 441 and 343.

<sup>24</sup> PRO, sig. CAB.4 240/C.P. 104 (33)/, Anglo-Swedish Agreement. Memorandum by the President of the Board of Trade, 11th April, 1933; CAB. 4 240/C.P. 106 (33)/. Anglo-Norwegian Negotiations. Memorandum by the President of the Board of Trade, 11th April 1933. L. Ohlsson in his work *Utrikeshandeln och den ekonomiska tillväxten i Sverige 1871 - 1966* (Uppsala 1969) presents, among other things, the place of the British and other markets in Sweden's exports (pp. 33 - 35, diagram No. 6) and the share of Great Britain and other countries in Sweden's imports (pp. 41 - 44, diagram No. 8).

<sup>25</sup> PRO, sig. CAB.4 /C.P. 104 (33)/. Anglo-Swedish Agreement. Memorandum by the President of the Board of Trade, 11th April, 1933.

Britain's advantage, due to the very favourable conditions for the export of coal to the Scandinavian countries. The benefits to be derived from the export of coal were the main argument used by the President of the Board of Trade, Walter Runciman, in the memorandum he submitted to the Cabinet to have the terms of the agreements approved. The benefits clearly surpassed any losses Great Britain might suffer in trade with Scandinavia. Sweden pledged herself to take 47 per cent (compared with 30.4 per cent in 1932) of her coal imports from Britain (1,046,000 tons more than in 1931), which meant additional employment for 4,200 persons.<sup>26</sup> In the course of negotiations Norway proposed to increase the share of British coal in her imports of this raw material up to 65 per cent (43.6 per cent in 1932), that is 450,000 tons more than in 1932, which would ensure work for another 1,800 Britons.<sup>27</sup> Under the agreement with Denmark<sup>28</sup> 80 per cent of the coal imported by the Danes was to come from Britain (compared with 55.8 per cent in 1932): this meant an increase by 1,325,000 tons compared with 1931, and an increase in employment of 5,300 people. In the agreements with Finland (September 17, 1933)<sup>29</sup> and Iceland (May 19, 1933)<sup>30</sup> Britain increased the share of her coal to 75 per cent and 77 per cent respectively.

In order to ensure the implementation of the most important provisions of these agreements (which were concluded for a period of three years), the British government added a coal clause to the protocols of all the agreements, which allowed Britain to denounce the agreements with a three-month notice, should the coal importers fail to meet their terms, that is, should the amount of imported coal be smaller than that agreed upon. The coal clause was the only clause envisaging the termination of the agreement

<sup>26</sup> *Ibidem.*

<sup>27</sup> PRO, sig. CAB.4 240/ C.P. 106 (33)/. Anglo-Norwegian Negotiations. Memorandum by the President of the Board of Trade, 11th April, 1933.

<sup>28</sup> PRO, sig. CAB.4 240/C.P. 107 (33)/. Anglo-Danish Negotiations. Memorandum by the President of the Board of Trade, 11th April, 1933.

<sup>29</sup> For the text of the agreement see: BFSP, vol. CXXXVI, London 1933, p. 356. In July 1933 the proposed share of British coal in imports was to be less, namely, 60 per cent. PRO, sig. CAB.24 242 (p. 201). Trade Negotiations with Finland. Note by the President of the Board of Trade, 21st July, 1933.

<sup>30</sup> For the text of the agreement see : BFSP, vol. CXXXVI, London 1933, p. 388.

before its expiry. It restricted the British government's right in this respect, should the import of coal by a given country fail to reach the planned level through the fault of the exporter (a strike or lock-out in Great Britain). At the same time Great Britain promised that the prices and kinds of coal would be in accordance with those on the world market. The Scandinavian countries' position was weaker, as reflected in the fact that they were not given an unequivocal right to terminate the agreement, should Great Britain curb the imports of goods on which quotas had been fixed. Coal committees were set up in the Scandinavian states to ensure the implementation of the coal provisions.<sup>31</sup>

The export of coal played a leading role in the British economy, as proved by the British-German trade agreement of April 13, 1933.<sup>32</sup> Compared with the agreements with the Scandinavian countries, the agreement with Germany was the least favourable for Britain. In return for the increase in the German monthly imports of British coal from 100,000 tons to 180,000 tons, Great Britain had to make concessions in tariffs, even in what was known as "safeguarding duties". The main argument submitted by experts from the Board of Trade to the Cabinet was again the increase in coal exports. An 80,000 ton rise in monthly exports meant work for 3,800 miners. In practice this figure was reduced, because the lowering of tariffs on German goods by £640,000 meant the loss of jobs for 2,600 people. The real increase in the number of people employed was therefore not 3,800 but 1,200.<sup>33</sup>

The British-Scandinavian agreements fully confirmed that London was applying the principle "buy from those who buy from you"; they also helped to improve Britain's unfavourable balance of trade with those countries. It should be stressed however that the Scandinavian countries' share in British imports, important as it was, was not the most important problem. Their role consisted in being markets for British goods. This is attested to by the coal clause. Thanks to these agreements Britain finally ousted

<sup>31</sup> A. Jałowiecki, *op.cit.*, pp. 142-143.

<sup>32</sup> The previous British-German trade agreement signed in 1924 was broken off by Great Britain when Germany had reduced her coal imports.

<sup>33</sup> PRO, sig. CAB.4 240/C.P. 103 (33)/. Anglo-German Agreement. Memorandum by the President of the Board of Trade, 11th April, 1933.

other coal exporters from that area, including Poland.<sup>34</sup> Another important factor was that British financial circles were pleased with the way the agreements were carried out.<sup>35</sup> In their reports, experts from the Board of Trade, who attentively watched over the implementation of the agreements, confirmed that exports of coal to Norway, Sweden, Denmark, Germany and France had increased.<sup>36</sup>

The agreements also provided the government with an argument that could be used in internal policy. During a meeting of the Cabinet on April 12, 1933, the President of the Board of Trade was instructed to make a statement on the trade negotiations in Parliament, since the government expected to be attacked for not doing enough to combat unemployment. Walter Runciman was to announce the news at a suitable moment so that it could be published in the press the following day.<sup>37</sup>

The British-Scandinavian trade agreements were also a manifestation of Britain's increased political interest in that part of Europe at the beginning of the 1930s. In October 1934, Anthony Eden, Under-Secretary of State in the Foreign Office, paid visits to Copenhagen and Stockholm, where he also met a Finnish representative.<sup>38</sup> The change in the balance of forces in the Baltic at the beginning of the 1930s, caused mainly by the crisis in Soviet-German relations, facilitated the consolidation of the Scandinavian countries. Eden's visits were probably a result of a change in Britain's appraisal of Germany and an attempt to bring the Scandinavian countries nearer to Britain. When Germany had

<sup>34</sup> See J. Szymański, *op.cit.*, pp. 62 - 64.

<sup>35</sup> PRO, F.O. 371/18282/N.6392/6044/63/. From Midland Bank Monthly Review (Extract). Oct.-Nov. 1934.

<sup>36</sup> PRO, sig. 24/248 C.P.89 (34)/. Board of Trade Advisory Council. State of Trade—Febr. 1934. Summary.

<sup>37</sup> PRO, CAB 23/75/ Cabinet 27 (33)/. Meeting to be held at No. 10 Downing Street April 12th, 1933.

<sup>38</sup> ANA, Ambasada Berlin (Embassy in Berlin), sig. 248, p. 178. Poselstwo RP w Sztokholmie. Posel RP A. Roman 22.X.1934 do Ministra Spraw Zagranicznych, Warszawa [*Legation of the Polish Republic in Stockholm. Polish Envoy A. Roman, October 22, 1934, to Minister of Foreign Affairs in Warsaw*]. Great Britain had no intention of joining the group of states signatory to the Oslo Convention of December 1930. PRO, sig. F.O. 371/18280/N.5867/304/63/. Telegram to Dormer, Oslo, October 17, 1934. For the situation in which the Oslo Convention was signed see H. P. Gøtrik, *op.cit.*, pp. 61 - 63.

broken the disarmament conference and withdrew from the League of Nations, Britain began to regard Nazi Germany as a political adversary. In October 1933, the Committee of Imperial Defence worked out a document which considered the possibility of exerting economic pressure on Germany in case of a conflict. The document mentioned France, Belgium, Poland, the Little Entente, the Dominions, the United States and Italy as countries on which Great Britain could probably rely in carrying out retaliatory economic measures. As far as Norway, Sweden, Denmark and the Baltic countries were concerned, British politicians were of the opinion that only some of these states would sympathize with a boycott of Germany. The members of the Committee of Imperial Defence went on to say that these countries would not take a direct part in such a campaign without being guaranteed protection against German aggression. The document concluded with the significant remark that after such a boycott Berlin would refuse to respect the coal agreement and Great Britain would thus lose an important market for her coal. In conclusion the document mentioned Poland as the only country in the Baltic area of direct use for British policy towards Germany. The Soviet Union was regarded as a country that might be only of indirect use.<sup>39</sup>

The above-mentioned examples of Great Britain's inter-war Baltic policy seem to be representative of her entire activity in this part of Europe during the period under review. Economic questions figured prominently in London's plans. The Baltic region did not occupy a leading place in Great Britain's imperial policy. It was only in the last few months before the outbreak of World War II that London assigned a special role in its policy to certain states in the region since at that time they were more useful for the imperial interests of the United Kingdom.

*(Translated by Janina Dorosz)*

<sup>39</sup> PRO, CAB 24/248/C.P. 83 (34)/. CID, Advisory Committee on Trade Questions in Time of War. Economic Pressure on Germany. Report, 30 October, 1933. Signed by W.E. Elliot, W. Malkin, H. Fountin, O. Sargent.