CHAPTER 21

SCANDINAVIA AND THE EUROPEAN UNION: PRAGMATIC FUNCTIONALISM RECONSIDERED

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Introduction: Two tales of Scandinavia in international society

The Nordic countries are renowned for their activism when it comes to strengthening international society (Browning 2007; Ingebritsen 2002).

1 They have actively promoted causes such as peaceful conflict resolution, human rights, combating poverty, global inequality and environmental degradation, and they have played an active role in strengthening and developing organizations such as the United Nations at the global level and the Council of Europe at the European level. In their own ‘quiet corner’ of Europe (cf. Archer 2005: 398), the Nordic countries have nurtured an ideologically driven but functionally implemented ‘cob-web integration’ taking its point of departure in the values of 19th century Scandinavism and the Scandinavian welfare states but pursuing cooperation and with a focus on ‘low politics’ and cultural and educational exchange. 2 At
the same time, intra-Nordic cooperation has served as a platform for extra-Nordic influence, and the Nordic countries have been widely recognized for their particular way of doing politics domestically and internationally and for their international contribution. They continuously top international rankings such as the Global Peace Index and the Good Country Index. And they are recognized by the world’s only superpower for making the world ‘more secure’ and ‘more prosperous’, as President Obama declared in his welcome to the five Nordic prime ministers for a White House meeting and state dinner in May 2016 (Harris 2016). In short, the Nordics are at the same time doing good and doing well with regard to international society in general.

The Scandinavian approach to EU integration seems to provide a marked contrast to this overall picture. Historically, the Scandinavian approach to EU integration is reluctant and self-serving (Miljan 1977; Wallace 1999). As of 2016, two of the Nordics remain outside of the EU (Norway and Iceland), albeit with extensive cooperative arrangements via-à-vis the EU; two countries are members but with opt-outs (Denmark and Sweden); and the last one, Finland, was the teacher’s pet in the EU classroom until the financial crisis from 2008 and the migration crisis from 2015. Since then, the Finns have increasingly moved away from the EU mainstream. In short, according to this tale, the Nordic countries are neither homogenous nor consistent with respect to EU integration. This will be demonstrated in the following.

We argue that the contrast between Scandinavian behaviour in the EU and in other contexts is less marked than it might initially appear. Scandinavian EU policies are characterized by a ‘yes, but…’ approach, guarding their exceptionalism but taking advantage of any opportunities that may arise to maximize their interests (Grøn, Nedergaard and Wivel 2015a: 244). Furthermore, the self-serving interventions of Nordic states in EU politics are typically at the same time attempts at protecting and/or spreading the core values of the Scandinavian welfare state. From this starting point, we
discuss the origin(s) and content(s) of the Scandinavian approach(es) to EU integration.

Scandinavia has been described as ‘the other European community’ (Turner and Nordquist 1982), and the Nordic countries share a number of political, societal and cultural characteristics, which lead actors both within and beyond these countries to consider them a block within the EU or perhaps even a community (Archer 2005: 397; Grøn, Nedergaard and Wivel 2015b: 1). We explore whether these similarities amount to a Scandinavian model for EU integration; and to the extent this is the case, then what characterizes this model. The chapter proceeds in five steps. First, we briefly identify the historical origins of Scandinavian engagement with the EU followed by two sections exploring different ways of understanding the relationships between the Nordics: how they relate to the EU in terms of specific policies and how they engage with EU institutions. The fourth section discusses Nordic grand strategies in the EU and the role of Scandinavia in these strategies. Finally, we conclude by summing up the main characteristics of the Nordic model(s) in EU integration.

From ‘the other European community’ to ‘expert and experienced bridge-builders’?

Two buzzwords are typically bandied about when characterizing Nordic–European relations with respect to European integration. The Scandinavians are ‘reluctant Europeans’ (Miljan 1977) and they nurture ‘the other European community’ (Turner and Nordquist 1982); that is, intra-Nordic cooperation. However, these characterizations are only true with significant qualifications.

Scandinavian reluctance towards European integration is qualified by the very high degree of compliance with EU legislation and regulation by Nordic EU and EEA member states and by a relatively high degree of electoral support towards membership. Also, even the two Nordic non-members participate fully in EU market integration and in EU’s research cooperation (as far as Norway is concerned) (with the notable exceptions of the agricultural and fishery sectors). Thus,
even though two Nordic countries remain outside of the EU and two of the three members have opted out of parts of the integration process, all of the Nordics are highly involved in the European integration processes.

The Scandinavians are more accurately described as European latecomers, although even this characterization requires unpacking. When the EU was established in 1957 with the Treaty of Rome, there were no Nordic participants. Denmark first joined in 1973, and any real debate in Sweden and Finland on joining only surfaced after the end of the Cold War as formal membership of the European integration project was viewed as potentially undermining their neutral Cold War posturing. As early as 1947, however, Denmark displayed interest in plans to create a European Customs Union, and Denmark considered joining the European Coal and Steel Community in 1952–53 (ECSC). From the formation of the European Economic Community (EEC) in 1957, strong interest groups (particularly from agriculture) and government officials considered membership a real option. According to these actors, it was an option with more benefits than the European Free Trade Area (EFTA) of which Denmark, Norway and Sweden were founding members in 1960 (Olesen 1995: 10). Like Denmark, Norway and Iceland were founding NATO members in 1949 and as such positioned squarely in the Western camp during the Cold War. Rather than a lead-in to European integration, however, ‘[t]heir geopolitical location on the margin of Europe and their associated Atlanticism have led to and compensated for their unwillingness to participate fully in the European project’ (Thorhallsson 2015: 46).

<TABLE 21.1 ABOUT HERE>
Norway might otherwise have become a member as early as 1963. In 1962, Norway applied for membership together with Denmark, Ireland and the United Kingdom, but the negotiations ended with a French veto against British membership. The Norwegian decision to apply was a reaction to the applications from Denmark and in particular the UK, as membership had previously been a non-issue (Archer and Sogner 1998: 26–27). In 1967, Norway reapplied together with the UK, Denmark and Ireland, and even though the negotiations were suspended due to another French veto, they resumed in 1970 and were concluded in 1972. In contrast to the Danish electorate who supported membership with a majority of 63.3%, however, the Norwegian electorate rejected membership by 53.3%. After the Cold War, Norway re-applied for membership in 1992, once again in a Nordic context, with three Cold War-neutral Western European countries Sweden, Finland and Austria. The EU succession negotiations ended successfully in 1994, but membership was once again rejected by the electorate in a referendum; this time by 52.2%. Sweden joined with 52.3% in favour, Finland with 56.9%. Iceland, an EEA member since 1994 and Schengen member since 2001, first applied for EU membership following the financial crisis in 2008 and the ensuing collapse of the Icelandic economy, which left Iceland ‘trapped within the European Economic Area without having the shelter inherent in membership of the European Union’ (Thorhallsson 2016: 54). Their bid was officially retracted in 2015, however, as the Icelandic economy rebounded.4

TABLE 21.2 ABOUT HERE

If we measure the European reluctance of the Nordic countries in terms of their engagement in ‘the other [Scandinavian] European community’, Nordic cooperation does not come out as the
unequivocal winner. Negotiations on a Scandinavian Defence Union in 1947–48 failed as the US refused to back the plans, and Denmark and Norway subsequently opted for NATO membership. Plans for a Nordic Economic Community (NORDEK) – an alternative to European integration – failed in 1968–70 when Finland withdrew its support and Denmark subsequently joined the EU. The history of Nordic cooperation is littered with grand schemes that never materialized. In that sense, the Nordics are not just reluctant Europeans, but even more reluctant Scandinavians. At the same time, this ‘narrative of failure’ is complemented by a ‘narrative of success’ emphasizing the Nordic security community and the numerous low-key, low-politics examples of cooperation between private, public and third-sector actors as well as many examples of policy learning (Strang 2016: 3–9).

More accurately, we can characterize the Nordic countries as a group of highly and increasingly Europeanized and globalized states that never subscribed to the European idea but have increasingly found it in their national interest to advocate an integrated but differentiated Europe, acting themselves as ‘expert and experienced bridge-builders’ (Miles 2015: 29). Taking in this role, they negotiate the connections between their Nordic welfare states, their geopolitical interests vis-à-vis the US, Russia and the large EU member states, and seek to reconcile the politics of choice in their Nordic models with the politics of necessity in relations with Europe and the rest of the world.

**Scandinavia and EU policy areas: Divided on sovereignty, united on the welfare state**

The EU has been described as an Unidentified Political Object or sui generis (e.g. Caporaso et al. 1997) compared to other types of state cooperation. However, the EU increasingly makes policy in
areas affecting the domestic constitution of member state societies as well as the everyday lives of the citizens in these societies. As small, trade-dependent nations, all of the Nordics participate in the common market: Sweden, Finland and Denmark, as a consequence of their EU membership, and Norway and Iceland, as a consequence of their membership of the European Economic Area (EEA), which leaves them inside the market but without formal channels for influencing the EU legislation that determines the rules of play. Thus, it is of no surprise that Denmark, Sweden and Finland typically support the internal market and promote liberalization in EU negotiations (Jensen and Nedergaard 2015).

Commitment to free trade also serves as part of the material and ideational underpinning of the Scandinavian welfare states. Using free trade as a tool for economic growth since the 19th century, it was argued that ‘protectionism would only stifle economic growth and put the burdens on those who were the least able to bear them, namely the poor’ (Schouenborg 2013: 99). Similarly, the Nordics find strong commonalities in issues relating directly to the construction of their welfare states. This pertains to labour market policies, such as minimum wages, which are traditionally the result of negotiations between employers’ organizations, trade unions and government representatives rather than being negotiated by parliament and decided by law in the Nordic countries. Thus, the Nordic countries share a common interest in curbing legislation that limits the room for national collective bargaining.

Similarly, the free movement of labour has challenged both the (high) negotiated wage levels among Nordic workers (Jensen 2015) as well as the universal Scandinavian welfare models, particularly in relation to the question of welfare benefits. Whereas Finland and Denmark have defended their national models most proactively in this area (Kuisma and Nygård 2015: 168), all of the Nordic countries seek to maintain a delicate balance between keeping the core aspects of the
welfare state while at the same time reforming it and adapting it in line with European and global developments. Similarly, Denmark and Sweden in particular have been strong defenders of a ‘green’ agenda in the EU, promoting stronger environmental regulation and an active climate policy (cf. Liefferink and Andersen 1998; Wivel 2009; see also Jens Hoff’s contribution to this volume).

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There are differences as well. As pointed out above, two Nordic EU member states have opt-outs, whereas the two Nordic countries outside of the EU participate in selected aspects of EU integration, albeit without any formal channels of influence on EU decision-making. Denmark has four opt-outs, three of which still have policy relevance: Justice and Home Affairs (JHA), the Economic and Monetary Union (EMU) and defence cooperation. Similarly, Sweden has an opt-out regarding the EMU. In Justice and Home Affairs, despite its non-membership, Norway has gradually moved closer to the EU core as a consequence of Schengen participation and subsequent efforts to curb cross-border crime and illegal immigration (Adler-Nissen 2015: 100).

In contrast, Iceland, the other Nordic non-member, has not had the same incentives to JHA integration due to its geographical location in the North Atlantic Ocean, which practically isolates it from most of the adverse consequences of de facto abolishment of physical borders in the Schengen area. Sweden and Finland both participate extensively in JHA. Sweden even used the areas for pushing a classical Scandinavian agenda with the Stockholm Programme of 2009, which provided a framework for policy responses regarding development cooperation and social, educational,
employment and health issues with a particular focus on gender equality and human trafficking (European Union 2009). Conversely, Denmark is formally bound by an opt-out and further limited by the salience of the question of immigration in Danish domestic politics. The country has remained reluctant regarding JHA participation and confirmed the continuation of the formal opt-out in a referendum on 3 December 2015, despite warnings from senior police officers that this would most likely have repercussions for continued Danish participation in Europol.

This overall image of ‘misty boundaries’ between member and non-member states is repeated with respect to EU defence cooperation. Sweden and Finland participate fully in the Common Security and Defence Policy (CSDP), and Norway and Iceland have been participating in EU military operations. Denmark has a formal opt-out from defence cooperation, which prohibits the country from participating in EU military missions as well as the development and acquisition of military capabilities in the context of the EU. With the exception of Finland, however, the EU plays a marginal role in the defence policies of the Nordic countries, with NATO and the UN traditionally having a much stronger impact on official strategy and public discourse (Wivel and Marcussen 2015). One might get the impression that Denmark is the most reluctant European in the Nordic family. Turning to the EMU, however, it becomes clear that Sweden joins the team of sceptics on this issue. Whereas Finland joined the Euro due to geopolitical concerns over Russia, Sweden stayed outside, with an option to join, whereas Denmark obtained a politically driven opt-out, choosing to peg its currency to the Euro (Korkman 2015).

Whereas these policy areas all convey an image of ‘misty boundaries’ between Nordic EU member states and EU non-member states, the primary sector, agriculture and fishery, has served as a de facto ‘selector’ on EU membership in Scandinavia. In Norway and Iceland, the Common Agricultural Policy (CAP) and Common Fisheries Policy (CFP) are ‘seen to pose grave threats to
the primary sectors. The fisheries sector is closely associated with the way of life in both of these states, but it is also by far the most important economic sector in Iceland’ (Thorhallsson 2015: 47). Similarly, agricultural policy has been an issue in the two countries’ accession negotiations (Skinner 2010). In contrast, Denmark and Sweden are both in favour of reforming the CAP in a more market-based direction (Nedergaard and Jensen 2015: 139). Finland, on the other hand, has defended the CAP (Kola 2008); a position matching the structure of the Finnish agricultural sector and serving its interests. As with the EMU, however, geopolitics also play a more direct role in Finnish EU policy than in the other Nordics, leaving the most eastern Nordic country with a more restricted action space when it comes to protesting EU policies and opting out of policy areas.

In sum, the Nordics remain united in defence of the core aspects of the Scandinavian welfare state, including core policies on health and the labour market as well as a protective stance towards the environment and human rights, and they are sceptical but divided over policies pertaining more broadly to sovereignty-related issues. Two factors seem to have played a particularly important role when it comes to opting in and out of policy areas as well as the EU. First, geopolitics, leaving Finland with a narrower action space than the other Nordics, due to its proximity to Russia combined with its lack of alliance membership, and leaving Norway and Iceland on the Atlantic coast at the margin of Europe, isolated from at least some of the adverse consequences of increasing interdependence driving the European integration project from its outset. Second, primary sector policies, in particular the CFP, viewed as threatening the way of life in Norway, Iceland, Greenland and the Faroe Islands, and the economic interests of the latter three of these nations (Thorhallsson 2015: 47) (see also the Andersen and Busk Larsen contribution to this volume).

The Nordic countries and EU institutions
The most fundamental differences in Scandinavian institutional strategies in the EU pertain to the fact that Norway and Iceland are not EU member states and, therefore, not embedded in its institutional structure. Norway and Iceland do not negotiate in the Council of Ministers, they do not have a commissioner amongst the College of Commissioners, and they have no members of the European Parliament. On this background, they are left to pursue EU institutions more like a lobby group than a member state (cf. Thorhallsson 2000). However, there are important differences in terms of how many resources each of the countries allocates to lobbying the EU; Norway has a substantial presence in Brussels, matching more or less the presence of a country such as Denmark, whereas the Icelandic presence is much more limited.

There are also notable differences between the three Nordic EU member states. Whereas Denmark is illustrative of a classical small state approach, working within the political parameters set by the great powers, Sweden acts more like a middle power, refusing to accept small-state status to the same extent as Denmark. Swedish officials and politicians therefore tend to politicize, for example vis-à-vis the Commission bringing their own independent ideas and visions to the negotiation table, even at the risk of conflict and confrontation, whereas Danish officials point out the importance of keeping things technical, not causing too much trouble and being seen as a constructive player (Grøn 2015). Similarly, there are institutional differences when it comes to the involvement of national parliaments in EU policy. Since the Treaty of Lisbon in 2007, it has been an official EU aim to increase the involvement of national parliaments in policy-making. While this plays into traditional Nordic ideals of broad public involvement in societal developments dating back to 19th century Scandinavism and beyond, there are marked differences in the implementation of this aim between the Nordic EU member states, with Denmark and Finland serving as extreme examples of each end of a continuum. Whereas the Danish Folketing has been an active and constructive player in the process, going so far as to assume the role as coordinator for other parliaments, the Finns
have been very reluctant to take on the role as an independent actor at the EU level (Cooper 2015: 113). This is curious considering that the Finnish parliamentary practice for how to handle EU affairs is strongly inspired by the European Affairs Committee in the Danish Parliament.

Despite these differences on institutional access and policy substance, there are strong similarities among the Nordic countries following from their relatively similar institutional traditions. Over the past decade, small EU member states have been challenged by the weakening of the European Commission, which was traditionally the ‘best friend’ of the small states due to its role as the impartial caretaker of the common interest and a source of information and technical expertise (Bunse, Magnette and Nicolaïdis 2005; Geurts 1998). Conversely, the European Council and the Parliament have gained influence as a result of post-Lisbon Treaty decision-making rules, and informal great power ‘directorates’ have gained legitimacy and influence, thereby increasing the importance of informal negotiations outside of official forums and creating a platform for big member state influence (Grøn and Wivel 2011).

However, the relatively resourceful, merit-based and well-functioning civil services of all of the Nordic countries put them in a privileged position vis-à-vis other small states to take advantage of this development (cf. Haverland and Lifferink 2012 on lobby resources). Thus, the Nordics have proven relatively successful in informal negotiations, and Finland and Denmark are both in the top five of the most active countries in lobbying EU institutions, whereas Sweden is in eighth spot (Panke 2011: 132). When it comes to developing high quality position papers in time for Council negotiations, Sweden, Denmark and Finland are all among the highest ranking member states (Panke 2010).

When measuring the success of member states in changing the texts of European directives and regulations in accordance with their national positions, the Nordic member states also rank highly,
Sweden taking second (after the UK) and Finland (sixth) and Denmark (eighth) also in the top ten (Panke 2016: 63–64). Moreover, Nordic member states have successfully established a forerunner reputation and technical expertise within a number of issue areas, including conflict prevention and civil crisis management, allowing them to play a role as norm entrepreneurs influencing decision-makers in the Commission and the European Parliament (Arter 2000; Björkdahl 2008; Jakobsen 2009).

At the same time, the Nordic countries face two challenges to institutional influence. First, the three Nordic EU member states are facing or have faced issues of recruitment of own nationals to the EU institutions, most prominently the recruitment of civil servants to the European Commission (Grøn 2015; Heeger 2015). In recent years, the Danish government has continuously encouraged more people to pursue a career in the EU. Second, the Nordic countries like playing by the rules, which can be both an advantage and a disadvantage in a political system that is not always very akin to how the Nordic countries work (Grøn 2015; see e.g. the classical discussion by Coombes 1970; Pollitt and Bouckaert 2011: 67ff). While playing by the rules has been instrumental in creating a Nordic brand as trustworthy partners willing and able to deliver on their promises, the increasing importance of informal forums means that Nordic civil servants must navigate in a negotiation space with opaque or non-existent rules. The Nordics are likely to do so with varying degrees of success, Sweden and Denmark representing the extremes. Swedish negotiations typically take their point of departure in a top-down model with a policy position clearly defined from Stockholm and with limited action space for negotiators on the ground, whereas Denmark typically works with broader mandates allowing for greater flexibility in negotiations and the negotiator enjoys greater autonomy.
**Nordic strategies in the EU**

Which strategies do the Nordic countries employ to maximize influence in the EU? And what role does Scandinavia play in these strategies? One such strategy is the *actor* strategy. As illustrated above, the Nordic countries have common policy interests on a number of material and ideational issues as well as common institutional traits. These commonalities allow the Nordics to appear as a unified actor in relation to selected issues on the European stage, such as the drive for increased transparency in EU institutions and an EU strategy for the Baltic region. With two Nordic states outside of the EU there are also clear limitations to this approach, however, leaving Sweden, Denmark and Finland to act within the formal EU channels. A second limitation marking this strategy is the fact that, even as a bloc, the three Nordic countries are not of a size to make them matter in the Council of Ministers. While they may be successful in agenda-setting issues, other allies are necessary if agenda-setting is to be converted into legislation.

When it comes to negotiations in the Council of Ministers, the Nordic cooperation may rather be seen as an *arena*. Nordic cooperation within the EU is often a matter of sharing information and informally testing arguments rather than building coalitions and agreeing on detailed policy positions. Therefore, they have institutionalized meeting forums where they can pool and share information and expertise and test their arguments (Rûse 2015: 64). The Nordic Council of Ministers provides an institutional setting emphasizing Nordic cooperation and has increasingly focused on the EU in recent years (Nordic Council of Ministers 2015: 33), although usually as a forum for debate rather than a platform for coalition-building (Rûse 2015).
Finally, Nordic cooperation is occasionally little more than an appendix to how the Nordic countries deal with EU policies. As argued above, there are a number of issues where the Nordics clearly do not have common interests, such as agricultural policy. Furthermore, the fact that two of them are outside the EU possibly makes it less compelling for the insiders to coordinate with them. While the rhetorical support for Nordic cooperation is strong and the Nordic EU members do coordinate (Rûse 2015), there is a mismatch between how the Nordic countries traditionally have been presented as a community and how they deal with EU politics on a daily basis. Hence, the Nordic cooperation may be more of a toast on special occasions than a central policy tool for ensuring national interest.

Nordic relations with the EU are increasingly normalized in the sense that a particular Nordic position or Nordic bloc has become less discernible as the combined effects of globalization and Europeanization have led Nordic decision-makers to amend what was the Social Democratic Scandinavian welfare state to approximate societal models in the rest of Europe (Brandal and Bratberg 2016; Grøn, Nedergaard and Wivel 2015a: 245–250). Consequently, there may be fewer and fewer functional arguments in favour of a particular role for Nordic cooperation.

**Conclusions**

The Nordic approach to the EU is most accurately described as pragmatic and functionalist. The Nordic countries have pursued their national interests pragmatically without European or Nordic bindings. Rather than a Nordic alliance on EU politics, there is more a Nordic cluster exchanging information and being comparatively effective and rule-abiding when engaging in negotiations and implementation. Pragmatic functionalism takes place in the context of the Scandinavian welfare state, which at the same time serves as a platform for action, as in conflict prevention and environmental protection and other areas concomitant with the fundamental values of the welfare
state, and as a protective shield for the Scandinavian welfare state. Thus, Scandinavians pragmatically opt in and out of policies, creating a map of ‘misty boundaries’ between the three Nordic members of the EU and the two non-members. The Nordics all engage actively with the EU, but at the same time they all maintain firm bastions against EU integration, particularly in relation to their welfare states. The Nordic positions in Europe are basically conditioned by attempts at securing the survival of how the Nordic societies have been organized in policies where ‘value’ and ‘interest’ are difficult to disentangle. Thus, looking across policy areas, we find that national positions on EU policies largely reflect domestic interests, be they material (e.g. dealing with fisheries) or more ideological in nature (e.g. JHA opt-outs).

Does this make Scandinavians reluctant Europeans? Not any more than they are reluctant Nordics or even reluctant globalizers. Rather than the two distinct tales of Scandinavia in international society told in the introduction of this chapter, Nordic policies towards the EU seem to be a subset of a more general Nordic approach to politics. Thus, just as there are ‘misty boundaries’ between Nordic members and non-members of the EU, there are also ‘misty boundaries’ between Nordic EU policy and global policy. The ‘Nordic international society’ values reflect those of the welfare state (cf. Schouenborg 2013), and they are typically pursued with the same pragmatism. Perhaps not surprisingly in this context, the EU has subsumed the Nordic bloc in international relations since the end of the Cold War (Laatikainen 2003). In that sense, Scandinavia in the EU may not be as much of an outlier in Nordic politics as it is a magnifying glass allowing us to see some of the aspects of Scandinavian international politics more clearly, as they are exposed by European developments and the Nordic responses to these developments.
References


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1 In accordance with the use of the concepts in the rest of the volume, we use ‘Nordic’ and ‘Scandinavian’ interchangeably.


3 See Martin Marcussen’s contribution to this volume on Scandinavian diplomacy and http://goodcountry.org/index/overall-rankings and http://www.visionofhumanity.org/#/page/indexes/global-peace-index


5 See also the discussion on ‘reluctant Nordics’ in Arter (2008: 297–313).

6 See Cini and Borragán (2016) for an overview of EU policy areas.
For a general discussion of ‘misty boundaries’ between Nordic EU member states and non-member states, see Miles (2005), who also coined the phrase.


http://www.iceland.is/iceland-abroad/be/embassy-information/personnel/