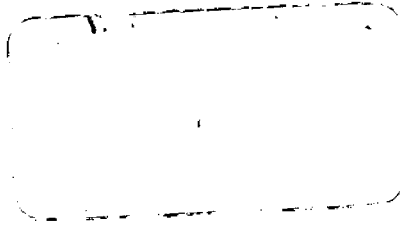


THE BRITISH LABOUR PARTY'S ATTITUDE TO ANDS
EUROPEAN UNITY 1964-70



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PREFACE

Post-war Britain witnessed two important political developments. Externally, she suffered decline in her status as a world power. And internally the Labour Party came to power with an overwhelming majority. The Labour assumed the reigns of Government with the declared objective of a 'break in the continuity' of the traditional British foreign policy and effecting in its place a 'socialist foreign policy'. Added to these two important developments, Britain was also to face a rapidly gathering momentum of the movement for "European Unity" on the continent. Partly because of the traditional British role in Europe and partly because of the socialist outlook of the Labour, European unity movement was not enthusiastically supported by the new government. The first two chapters of this dissertation will discuss the nature of the movement for "European Unity" and the opposition of the Labour Government to such a movement, with particular reference to the issue of British entry into the EEC.

The Labour Party was back in power in 1964 and held it till 1970. Almost two years after coming into power the Labour shifted from "anti-marketism" to "pro-marketism". Several factors, of which the economic factors such as the decline in Britain's trade with the Commonwealth, the EFTA, and the impressive strides made by the EEC compelled the Wilson Government to modify its stand on the EEC issue. The subject matter of the third chapter would be to analyse these economic factors and also the significant role played by Wilson.

Wilson played a major role not only in rallying his Party's support to his "pro-market" policy, but also in proposing the creation of a "European Technological Community" which added a new dimension to "European Unity". The call for pooling together the scientific and technological resources of West European countries to counter the American domination constitute a major part of his continental campaign for Britain's membership. The fourth chapter will analyse the relative scientific and technological capabilities of America and Europe, Britain's own possible contribution to this field, and the diplomatic significance of Wilson's concept.

After completing his continental tour, Wilson, backed by a massive Party and Parliamentary support, applied anew for Britain's membership to the EEC. But de Gaulle's veto blocked once again Britain's entry into the EEC. The reaction of Labour Government to the French veto, and its post-veto policy will be dealt in detail under the fifth chapter.

In working for this dissertation I depended largely on the available secondary sources. Owing to the inadequacy of time, I could not draw much upon primary sources. Yet I endeavoured to make an analytical exposition of the topic of this dissertation.

I feel morally obliged to express my thanks to Dr. H.S. Chopra but for whose guidance and kind cooperation this dissertation would have had neither an enthusiastic beginning nor a

successful completion. By confining myself to these few words,
I express my gratitude the most, not the least.

P. V. Rao.

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Chapter I

BRITAIN AND THE POST-WAR EUROPEAN UNITY MOVEMENT

Britain's role in post-war Europe could be well understood by examining the traditional British approach to the perception of world realities. The long diplomatic history of Britain and her role as a world power enabled her to evolve certain notions that guide her practical role in world politics. These notions may be logical or illogical but that is not the serious concern of the student of British foreign policy. The fact that they influence the foreign policy formulations of the British policy-makers itself is of utmost importance.

Then what is the nature of these notions, or to put it, the permanent bases of Britain's world policy. Distaste for dogma and doctrinaire concepts, a sceptical attitude at distant objectives and even systematic thought are deeply ingrained in the mind of Englishman. "The British are not as a rule attracted by abstract ideas. Their pragmatic approach to any problem makes them distrustful of general concepts and distant objectives."¹ It is this dislike for systematic planning and readiness to view and tackle things as they are that makes the British to find pragmatic solutions to practical world problems. But pragmatism and logic are not good friends. Logic, with its definable purpose of 'scientific thinking' clashes with pragmatism

1 A.H. Robertson, European Institutions. Co-operation: Integration: Unification (London, 1959), p. 14.

that demands conclusions and results not from scientific principles but from experience of men, their true nature and stark realities. Given this conflicting relationship between logic and pragmatism, the British, in dealing with international problems are too oriented towards the latter than the former.

He (Englishman) distrusts logic at all times and most of all in the government of men, for instinct and experience alike teach him that men are not governed by logic, that it is unwise to treat political issues as exercises in logic and that wisdom more often lies in refraining from pressing sound arguments to their logical conclusion and in accepting a workable though illogical compromise.

(Emphasis added) 2

It is this pragmatic disposition that underlies the whole course of British foreign policy. In fact, it is a mental attitude, a tradition, deeply rooted in the centuries of British diplomatic history. And this tradition is still carried right down into the twentieth century by the British statesmen. On 15 August 1950, Harold Macmillan, then an opposition leader, commenting on the Schuman plan and contrasting between the British and the continental temperaments, expressed the Anglo-Saxon pragmatic tradition as below:

The difference is temperamental and intellectual. It is based on a long divergence of two states of mind and methods of argumentation. The continental tradition likes to reason a priori from the top downwards, from

2 Sir Austen Chamberlain, "The Permanent Bases of British Foreign Policy", Foreign Affairs (New York), vol. 9, no. 4, p. 537.

Yusuf...

the general principles to the practical application. It is the tradition of St. Thomas of Aquinas, of the schoolmen, and of the great continental scholars and thinkers. The Anglo-Saxons like to argue a posteriori from the bottom upwards, from practical experience. It is the tradition of Bacon and Newton. (Emphasis added) 3

This tradition, as it would be seen in the ensuing discussion, lurked behind the post-war British European policy. And one cannot understand this aspect of British policy unless one makes a brief survey of Britain's role in Europe at least since the nineteenth century.

The three great British interests in modern times have been: the security of the British isles from attack by the external forces; the maintenance of the all-important British foreign trade; and the development and security of the overseas possessions.⁴ The method of meeting all these three needs had been the possession of predominant sea power. Once this major interest is recognized, it is not difficult to understand Britain's role in Europe.

During the later half of the nineteenth century Britain did not feel herself a part of Europe. She pursued a policy of balance of power, which meant that, depending upon her own interests, she could keep out of, or intervene in, military

3 Quoted in Nora Beloff, The General Says No (London, 1963), p. 60.

4 British Security, A Report by a Chatham House Study Group (London, 1946), p. 26.

conflicts or to intervene on either of the two sides if a war broke out in Europe. Her aim was to prevent the emergence of a dominant power that might threaten her security in Europe and hence her world possessions. It is in this sense that her policy was interpreted to be "defensive".

...the chief spectre of British diplomacy in modern times has been the domination of Europe by one power. This has rightly been regarded as intolerable from the point of view of British security.... Her real aim was the preservation of a reasonable equilibrium on the continent and this meant unalterable opposition to such sweeping accessions of strength to any one state as would give it a position of potential dominance. Her first hope always remained that a state of equilibrium would continue, for that was an essential condition to be fulfilled before she could devote her main energies to the development of her overseas possessions and foreign trade. (Emphasis added) 5

Thus with few exceptions, that too mostly connected with the safeguarding of her oceanic communications, as in the case of Alliance with Portugal, Britain never formed permanent ties with other powers. Her friendships and Alliances within Europe were ad hoc, governed by her larger interest: protection to maritime, transoceanic and commercial interests.

The continuity of this British European policy, however, received a jolt around the early years of twentieth century. She was overlaid by fear of Austria-Hungary's expansionist policy that was supported by Germany. The British were becoming aware

5 Ibid., pp. 28-29.

of the threat from the young, prosperous and militarily strong Germany, determined to outbid Britain both inside and outside Europe. "The British were uncertain in their reactions to this new phenomenon in Europe; they were seriously worried; they were admiring; they were reluctant to regard war against Germans as necessary or inevitable."⁶ So, in spite of the Entente Cordiale with France from 1904 onwards, Britain hesitated to take a clear-cut stand when, in 1914, Germany decided to back Austro-Hungary's expansionist policy in South-East Europe with armed force. It is a contentious issue as to how much blame Britain should carry for the outbreak of the First World War.

After 1918, the British, however, found it difficult to keep up the war-time vengeful feelings towards the Germans. Nor did they give whole-hearted sympathy to the French demands for repression of the German people and for tight security against renewed German aggression.

Moreover, the rise of the two dictators in Europe, Mussolini and then Hitler, produced confused and ambiguous reactions in Britain. Some politicians advocated conciliation because they thought Britain needed time to rearm. This was a defensible policy, and it was the defence frequently put forward for the 1938 Munich Agreement. The Munich Agreement could only lead to the quick destruction of Czechoslovakia, and left Hitler

6 Elisabeth Barker, Britain in a Divided Europe, 1945-70 (London, 1971), p. 12.

undeterred in carrying the offensive further. Instead the Agreement badly damaged the credibility of British warnings to Hitler, and even made many British people doubt the kind of policy their country was pursuing.

...the whole Munich business left many people in Britain with a sense of guilt, or at the very least, a feeling that the kind of diplomacy which Britain practised in the 1930s was feeble and inadequate. Something firmer and clearer would be needed in the future. 7

The second world war was fought and won. But the victory was only a Pyrrhic victory. The war left the British Empire with many wounds and set the process of her decline. The Royal Navy was no more unchallenged with the rise of new sea-powers. There was the rise of new world powers, changing the very nature of global politics. The British economy itself was severely shattered leaving Britain incapable of sustaining her Empire. In short, Britain ceased to be a world power. Yet the British people were not ready to accept the truth. They still entertained the myth that their nation was a world power.

In the early years after the war most of the British believed that they could still go home again to the world of 1939.... The economic belt-tightening at home, it was thought, was only temporary.... In 1945 the Empire seemed more powerful than all of Western Europe - and the British believed it was. Thus when Britain could have had

7 Ibid., p. 13.

the leadership of Europe for the asking, she saw no reason to ask. 8

In fact, the post-war Britain was facing a dichotomy - a dichotomy between her reluctance to accept the changed status and the inability to sustain the old position, if at all she believed it still existed.

The contrast between her (Britain) accepted position and the power she could command injected ambiguity into British foreign policy. Every post-war government from Attlee to Harold Wilson's has been unsure of England's real place in the world. What was Great Britain in the mid-twentieth century? 9

This was the question that faced every Englishman. And this was the question that failed to receive an unequivocal answer for a considerable time after the Second World War. Was Britain the third industrial 'Great Power'? Or the leader of the Commonwealth? Or a major European nation? Or America's 'special partner'? Or was she the West's 'honest broker' with Russia? Some of these roles were mutually contradictory and to none of them Britain seemed to express her full commitment.

Out of the many options before her, she evolved, as expounded by Winston Churchill, a tripod relationship of overlapping circles: Britain and the Commonwealth, Britain and the United States, and Britain and Europe. But what was Europe's

8 George W. Ball, The Discipline of Power (Boston, 1968), p. 73.

9 Ibid., p. 72.

position in these three circles?

All British Governments, Labour and Conservative alike, looked at their European relationship as one of a set of three relationships.... (But) in the first post-war decade most people would have said that it was the least important leg of tripod on which British foreign policy rested.
(Emphasis added) 10

If Europe ranked least in the tripod relationship, it remains to substantiate such a view by examining the post-war British-European policy. But such an examination should necessarily be preceded by a discussion of another most important development in Europe after the war - the European Unity Movement.

The immediate aftermath of the Second World War witnessed the spurt of an emotional movement for the 'Unity of Europe' or 'United Europe'. The movement took its inspiration and gathered momentum as a result of the consequences or legacies left behind by the war. The war severely crippled the economies of the West European states, disrupted their political life and institutions, posed a Red danger from the East. In fact post-war Western Europe¹¹ be faced four important questions: (1) physical and economic devastations bordering in some countries on social collapse; and what to do about it, how to start reconstruction; (2) political weakness; how to build a strong government and how

10 Miriam Camps, Britain and the European Community 1955-63
(London, 1964), p. 4.

11 Henceforward 'Europe' would be used in the sense of 'Western Europe'.

to wrest hard decisions from fragile coalitions in a milieu without strong national parties or leaders; (3) what to do about Germany; and (4) how to conduct in the cold war and resist the threat from the East.¹²

This crisis - political, social and economic - and its necessity of finding satisfactory solutions to its problems left the Europeans with one conviction: that the present system of 'nation-state' was no more relevant in the context of changed circumstances. However strongly nationalist movements may have contributed to the liberation of Europe, the era in which politics could be dominated by nation-states on the scale of European ones was drawing to an end. "It became increasingly obvious that the nation-state was from many points of view an obsolete form of political organization, incapable of guaranteeing to its citizens either their military defence or the prospect of a rising standard of living."¹³

This conviction led the European states (except Britain), particularly France, Italy and the three Benelux countries to think and act in 'European' terms. The main source of inspiration in these countries were the resistance movements against war-time oppressors.

The Movement, however, carried greater weight and faith

12 George Ball, n. 8, p. 47.

13 Meriam Camps, Europe and the Europeans (London, 1957), p. 154.

in Europe as a result of the inspiring leadership that it received at the hands of some of the most important of European statesmen - Jean Monnet, Winston Churchill, followed by Robert Schuman of France, Karl Adenauer of West Germany and De Gasperi of Italy.

Perhaps the greatest contribution to European movement was by Joan Monnet of France, rightly called 'Mr. Europe'. Monnet was deeply convinced that Frenchmen and other Europeans had priceless energies and ideas to contribute to the world, but they would be able to make their proper contribution only if they were unified. He believed that all nation-states, including France, had had their day, and that modern society should develop a wider, "supranational" framework. He sought an international order in which national or supranational groups dominating the other groups would not arise. This is the conviction of a man who is at the same time, both practical and philosophic, a conviction springing from a deep desire to create the conditions in which Europe can fulfil itself:

A great part of what has been done to build unity in Europe today - and the common Market alone is a monumental achievement - results from the genius and persuasive qualities of this one individual (Monnet). What exists in Europe's unity today is, to a larger extent, a Monnet tour de force. 14

Monnet, however, was a back-room operator. Not being a politician himself, he carried his indofatigible efforts behind the

scenes. But the most eloquent political leader rallying Western Europe was Winston Churchill. It was in speaking to the masses, instilling the faith of "European unity" in them, and inspiring them to support enthusiastically that cause, that Churchill made his significant contribution to the movement for European unity. In a broadcast to the world on 22 March 1943, Churchill outlined his conception of 'United Europe'.

One can imagine that under a world institution embodying or representing the United Nations there should come into being a Council of Europe. We must try to make this Council of Europe into a really effective league, with all the strongest forces woven into its texture, with a High Court to adjust disputes, and with armed forces, national or international or both, held ready to enforce these decisions and to prevent renewed aggression and the preparation of future wars. This Council, when created, must eventually embrace the whole of Europe, and all the main branches of the European family must some day be partners in it. 15

The reaction to this speech was unenthusiastic, coming as it was in the midst of war. It was not until his Zurich speech that he was able to obtain any real attention for his proposal. Speaking on 19 September 1946 at Zurich University, Churchill, now in opposition, said:

We must build a kind of United States of Europe.... I am now going to say something that will astonish you. The first step in the recreation of the European family must be a partnership between

15 Quoted in European Movement and the Council of Europe
(London, 1950), p. 30.

France and Germany. In this way only can France recover the moral leadership of Europe. There can be no revival of Europe without a spiritually great France and a spiritually great Germany. (Emphasis added) 16

But what role did Churchill assign to Britain in his concept of 'united Europe'. This would be undertaken at a later stage when Britain's reaction as a whole to 'European unity' is examined. Meanwhile, what exactly is meant by 'European Unity' and what are the different approaches to its realization would be discussed.

Though the movement for 'united Europe' or 'European Unity' received an emotional vent in the early post-war years, the protagonists of the cause were hardly unanimous over its meaning and realization. Some regarded 'United Europe' as an entity transcending national sovereignties and finding its institutionalized expansion in common European legislative and executive wings. For some it meant a gradual phase-wise realization through effective politico-economic integration. These two dominant themes find their expression in two different schools: 'Federalists' and the 'Functionalists'.

In post-war European politics, there were those who believed that instant federation of Europe was possible. Although they differed widely in their origins, ideology and social bases, all the post-war federalist groups shared an abhorrence of

16 Quoted in H.S. Chopra, De Gaulle and European Unity (New Delhi, 1974), p. 169.

nationalism and determination to construct, as quickly as possible, a "United States of Europe". Their main concern was to direct the unity movement toward a definite, well-articulated ideal - a supranational European system with specific characteristics. "Their proposal was that a constituent assembly should be summoned to work out a constitution for a new political framework, together with the other measures necessary to arrive at an advanced form of political and economic union."¹⁷ Moreover they wanted construction of democratic 'European political institutions' deriving their legitimacy "from the consent directly expressed by European citizens and would exercise their powers directly on European citizens without interference from¹⁸ the member states." (Emphasis added)

But the federalist theory, with its revolutionary character demanding supranational institutions, lost its emotional zeal once it came to face hard realities. "Where European federalist theory has developed,...it has done so in splendid academic isolation, as rarefied conceptual analysis or as normative political philosophy."¹⁹ Despite the fact that the doyen of the European movement, Jean Monnet, happened to be a federalist, most of the

17 Roy Pryce, The Politics of the European Community (London, 1973), p. 46.

18 Altiero Spinelli, The Eurocrats (Baltimore, 1966), p. 11.

19 Charles Pentland, International Theory and European Integration (London, 1973), pp. 175-76.

leading political figures were to be found in other groups. The federalist efforts to build the Council of Europe, the European Reference Community (EDC) and the European Political Community (EPC) into federal organizations remained hardly realized. Thus, whereas federalist ideas had gained a wide currency, federalist groups themselves had little direct influence on, or participation in the major decisions of the early post-war integration movement.

Thus despite an abundance of the conventionally favourable conditions for federation - a strong external threat, recent experience of internal war, a decline in nationalism and national capabilities, evident need for common efforts at economic and social reconstruction...and numerous organizations with high-level contacts and propaganda skills capable of spreading the federal gospel - despite all these conditions, the 'federal revolution somehow slopped away. Clearly British opposition had a great effect, but in other European governments, too, there was considerable hesitation about supranationality. 20
(Emphasis added)

On the other hand, there is the functionalist school of European unity. According to this school, progress towards European unity could be attained by dealing with 'particular aspects' of the governmental function, primarily in the economic field, one by one, institutions appropriate for each function would be derived without suggesting that their 'Europeanization' necessitated an immediate loss of political authority by the existing

national governments. In the end it is hoped that sovereignty would find itself whittled away by this relatively painless process. The functionalist approach thus advocates:

....the establishment of a number of international functional agencies to perform specific welfare tasks, and conceived of a future world order - if only in rather general terms - as one characterized by a series of such agencies with overlapping membership and hence a diffusion on the part of the individuals affected by them of their previously exclusive sense of loyalty to a single political community. 21
(Emphasis added)

The two European Organizations of a supranational kind to which the functional analysis applies in its strict sense are the European Coal and Steel community (ECSC) and the Euratom. And Paul-Henry Spaak and Robert Schuman, are the most important of the functionalists.

The main difference thus between the functionalists and the federalists is that the functionalists are concerned with eliminating the nation-state system in the gradual process of building a welfare-oriented European society. On the other hand, federalists see integration as superimposing a new state, either global or regional, to keep order among the old ones, and after some time, perhaps to replace them entirely.

A different variation of the Functionalist school is what has come to be known as "Neofunctionalism", whose most eloquent advocate is Stanely Hoffmann. The "Neofunctionalists" tend to

21 Roy Pryce, n. 17, p. 47.

accept the supranational state as the goal of integration, but they are generally less concerned with the goal than with the process. They believe that "an effective community can be built on a confederal basis with power remaining essentially in the hands of national governments...."²² On pragmatic or ideological grounds many "neofunctionalists" are willing to contend with non-federal forms of political systems as the end-product. Not until the Treaty of Rome setting up European Economic community in 1958 did there exist a framework in which the "neofunctionalist" method could find extensive application.²³

The last of the approaches remains to be considered is the "pluralist approach". Strictly speaking, the pluralist approach does not fall within the ambit of European integration. But since the post-war pluralist organizations contributed one way or other to European integration, and more importantly since the pluralist approach closely corresponded to the British approach to European unity, it does demand some attention.

Pluralists see integration as essentially the formation of a 'community of states' defined by a high and self-sustaining level of diplomatic, economic, social and cultural exchange between its members. The states are engaged in a continuous process of adjustment to each other's actions, and in bargaining.

22 Ibid., p. 46.

23 Charles Pentland, n. 19, p. 131.

From the pluralist perspective...an international organization has no real will of its own and no power to create a new political entity apart from the wishes of its members. It is merely the structural manifestation of more or less concerted national policies and interests where cooperation for certain specified purposes has seemed desirable. Nevertheless, as such it may serve to enhance international communication and thus lay the groundwork for more supranational forms of integration in future. 24

The influence of pluralist approach has been consistently strong in the recent history of attempts to unify Europe and can be seen in a number of organizations which have formed part of this effort. The most outstanding organizations of pluralist type in the post-war era are: Organization of European Economic Cooperation (OEEC), North Atlantic Treaty Organization (NATO), Council of Europe, and Western European Union (WEU).

So far the most important post-war historical phenomenon, the European Unity Movement, and the varying approaches to its realization have been examined. The remaining portion of this chapter would be devoted to an analysis of the various post-war European organizations and the British response to each of them. It would also be, inter alia, task of the ensuing discussion to demonstrate at relevant places, how the early post-war British position differed from that of the continentals, and how it reflected on her response to the European unity movement.

24 Ibid., pp. 52-53.

Never in history have so many international organizations been set up, converging on a world scale, practically every branch of human activity, as in the ten years immediately after the war. This growth was followed within the limited framework of Europe by a similar development of European institutions, many of which had special characteristics of their own. These institutions have been both military and politico-economic. While the outgrowth of the military organizations were largely due to the British initiative, that of the politico-economic organizations was largely the result of continental initiative.

To begin with the military organizations and the British role in regard to them would be undertaken.

One of the major post-war problems Britain, or rather Western Europe, faced was defence. The British Government, with the Labour Foreign Secretary Ernst Bevin, largely devoted to ensure the security of Europe, in view of any possible German rearmament and the Soviet threat from the East. Moreover, Bevin believed that an effective defence system was not possible without the help of Americans. He was convinced that Western Europe was too weak to meet any threat, either German or Russian, on her own self. "Bevin, therefore, set out to organize the defence of Western Europe with the long-term private aim of bringing in the United States when the American opinion was ripe."²⁵

In March 1946, after de Gaulle had withdrawn from power,

25 Elisabeth Barker, n. 6, p. 65.

the new French Prime Minister, M. Gouin, urged the conclusion of an Anglo-French Treaty of alliance on the lines of the Franco-Soviet Treaty, Bevin immediately welcomed the French move.

Negotiations on the proposed alliance were started in April 1946, and on 4 March 1947 the Treaty of Dunkirk between Britain and France was signed. It was a treaty of alliance and mutual assistance in which each party undertook to come to the assistance of the other in the case of renewal by Germany of a policy of aggression. The parties also undertook to cooperate with each other in the general interests of their propensity and economic security.

Thus the Dunkirk Treaty was only bilateral and it was largely aimed against Germany. But the importance of the treaty lies in the fact that it served as a groundwork for the future multilateral treaties - Brussels Treaty and Western European Union.

The Dunkirk Treaty was followed by certain cold war developments. In September 1947, the Cominform was set up. On 24 December 1947, the Provisional Democratic Government of "Free Greece" proclaimed its existence. Against the background of these developments, Bevin's conviction of strengthening the defence of Western Europe by drawing more nations together was strengthened. Hence the need for widening the scope of the bilateral Dunkirk Treaty was felt.

Overtures to the Benelux countries by the Dunkirk parties for the conclusion of a political and military alliance received

a favourable response. The result was that on 17 March 1948 the Brussels Treaty between the five states was signed. The treaty was primarily a treaty of collective defence. If any one of the parties was attacked others would afford it all the military aid and other assistance in their power. It was expressly stated that such action would be taken "in accordance with the provisions of Article 51 of the Charter of United Nations."²⁶

Importance of the Brussels Treaty in terms of European Unity was that it extended from military and economic questions to cultural questions and was the first in which the powers talked of "making every effort in common to lead their peoples towards a better understanding of the principles which form the basis of their common civilization."²⁷

However it should be noted that Bevin conceived the Brussels Treaty fundamentally as collective defence alliance. Cooperation in this economic, social and cultural fields was only a necessary adjunct. "...the Brussels Treaty was never regarded by Bevin as more than a demonstration of European solidarity to induce the United States to enter into a military commitment to Europe."²⁸

26 Quoted in Robertson, n. 1, p. 9.

27 Quoted in Meriam Camps, n. 13, p. 159.

28 G. St. J. Barclay, Commonwealth or Europe (Queensland, 1970), p. 8.

In February 1948, Czechoslovakia suffered the Communist coup and came under the "Red rule". The coup was soon followed by Russian walk out from the Allied Control Commission in Germany, and then the "Berlin Blockade". Against these developments, the US Senate passed on 11 June 1948 a resolution authorizing the United States to participate in such regional arrangements "as are based on continuous and effective self-help and mutual aid and affect its security."²⁹

Bevin, who always regarded American guarantee for West European security as essential, and was waiting for the right moment to commit the US Government to such cause, acted quickly in mobilizing other European states to enter into a military alliance with the US. The North Atlantic Treaty was finally signed on 4 April 1949, thus bringing into existence a major collective defence organization - North Atlantic Treaty Organization (NATO).

In June 1950, North Korea invaded South Korea. Though the incident was actually outside Europe, its international importance made defence a topic of the day in West Europe, which had only handful of divisions against huge Soviet army deployed in the eastern half of the continent. Against this situation a proposal was made by Churchill and Paul Reynaud on 11 August 1950 for the creation of a "Unified European Army" under the

29 Quoted in R.G. Hawtrey, Western European Unity. Implications for the United Kingdom (London, 1949), p. 31.

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command of a European Minister of Defence.³⁰ The proposal was made before the Assembly of the Council of Europe, but since its statute excluded national defence from the Council's competence, it was not considered. However, on 24 October 1950, the French Government once again took initiative and proposed the setting up of the "European Defence Community" (EDC), popularly known as the "Pleven plan".

The hopes aroused by this new plan had, however, an unenthusiastic response from Britain. On 28 November 1951, Sir David Maxwell Fyfe, as the representative of the newly elected Conservative Government stated at Strasbourg that Britain could never envisage participation in a European federation on account of its vital interests in other parts of the world. On Pleven plan he said:

I cannot promise that our eventual association with the European Defence community will amount to full and unconditional participation, because this...is a matter which must, in our view be left to inter-governmental decision elsewhere. 31
(Emphasis added)

Here Fyfe was perhaps referring to the NATO negotiations proceeding simultaneously at Rome.

The same day, i.e. 28 November 1951, Anthony Eden, the British Foreign Secretary stated that no British military

30 Robertson, n. 1, p. 19.

31 Quoted in Britain in Western Europe, A Report by Chatham House Study Group (London, 1956), p. 15.

formations would be made available to the EDC.

The EDC Treaty signed by the Six ECSC Governments on 27 May 1952, envisaged setting up of a permanent European structure of a "federal" or "confederal" nature. The British Government sent only an observer, but did not sign the treaty.

The EDC Treaty, however, could not be implemented as it failed to receive ratification by French Parliament in August 1954. But, whether successful or not, what emerged from the EDC negotiations was that the British Government was not prepared to go beyond closer intergovernmental relationship with her continental neighbours.

After the rejection of the EDC by French Parliament the need for an organized Western defence with German participation, however remained. The Governments were concerned still committed to the "European Political Community" spirit. This time the British Government took initiative by putting new life into the Brussels Treaty, by widening its membership and extending its powers.

At a nine-power conference in London in September 1954, attended by the intended members of EDC, plus Britain, USA and Canada, It was agreed to invite Italy and Germany to adhere to the Brussels Treaty, to restore German sovereignty and to allow the controlled rearmament of Germany in the Seven-Power defence organization to be created. This would be accompanied by the British commitment to maintain armed forces on continent

of Europe, and Germany would then become a NATO member.

The treaty creating the Western European Union (WEU) was signed in Paris on 23 October 1954. Its object was to promote the unity and encourage the progressive integration of Europe. It included a provision for closer cooperation with the NATO. Thus the former Brussels Treaty organization "had thus been transformed, almost overnight into one of the more important and dynamic of European institutions."³²

However, the significant purpose behind the WEU was to solve the problem of West Germany, by restoring her sovereignty, thereby bringing her effectively into the fold of Western Europe.

The Western European Union was an expedient, rapidly elaborated at the initiative of Eden to deal with the German problem that the EPC was supposed to solve, that is, restoration of sovereignty to Germany and the bringing of Germany into the Collective defence arrangements of the West. 33

So far the military aspect of the post-war developments in Europe and Britain's role or contribution has been considered. But the above account does not provide one with clear-cut idea about Britain's attitude to European unity, unless the other most important political and economic organizations and the British response to them are also considered. But before such discussion is taken up it is necessary to examine the condition and

32 Robertson, n. 1, p. 26.

33 Meriem Camps, n. 10, p. 5.

commitment of Britain and the West European states in the early post-war years.

Politically, Britain had not suffered the same disillusionment and political convulsions before and during the war as the states of continental Europe. War not only destroyed the economic life, but the whole process of political life on the continent. The institutions of the continental states had been found wanting a stable power. Their soil was, therefore, ready for the growth of new institutions and loyalties in a way which did not obtain in Britain.

After the war many of the continental countries and particularly France, Italy and the three Benelux countries were ready to think and act in European terms. The war had been different for the British and it had left them not with a sense of national failure and a sense of national inadequacy but with a sense of national achievement and cohesion and an illusion of power. The emotional support for European unity, which was strong on the continent, was almost entirely lacking in the United Kingdom. 34

Moreover, the belief was entertained in Britain that her interests lay in Commonwealth and not in Europe. It was thought that British participation in a formal federation of Europe would be inconsistent with the continued existence of relationship with the Commonwealth. No doubt, there was Winston Churchill, who eloquently pleaded for a 'united Europe' and who was...the

34 Ibid., p. 3.

most important of champions of European unity movement. But how far was he willing to bring Britain within the perimeter of his conception of United Europe. Here was the crux of the problem. For Churchill was always equivocal over the position that he would attribute to Britain in the 'United Europe' and her commitments to Commonwealth. Even in his Zurich speech also, which undoubtedly was the most pronounced declaration of his intent of a 'united Europe' Churchill did not fail to emphasize Britain's Commonwealth commitments.

We in Britain have our own Commonwealth of Nations. These do not weaken, on the contrary they strengthen the United Nations. Why then should there not be a European group, which could give a sense of enlarged patriotism and common citizenship to the downhearted people of this turbulent and mighty continent.... Great Britain, the British Commonwealth, mighty America, and, I trust, Soviet Russia - for then, indeed, all would be well - must be the friends and sponsors of the new Europe. 35

Three years later in 1949 Churchill, speaking on his "United Europe" theme once again emphasized the British commitment to the Commonwealth and its consistency with the "United Europe".

I cannot think...that the policy of United Europe as we conservatives conceive it can be the slightest injury to our British Empire and Commonwealth or to the principle of Imperial preference....there is absolutely no need to choose between a United Empire and a United Europe. Both are vitally urgently necessary to our Commonwealth, to Europe and to the free world as a whole. 36 (Emphasis added)

35 Quoted in Nora Beloff, n. 3, pp. 46-47.

36 Quoted in Barclay, n. 28, pp. 13-14.

The trouble here is that it is difficult to say what exactly Churchill meant by "United Europe" and by "United Empire". It was, of course, clear that he did want to keep the preferential system intact. But this would have presented difficulties if the question arose of the United Kingdom's joining a European customs union. The difficulty seems to have been there how to find a formula to bound a "European Union" with Britain's participation without upsetting her role in either of the other two circles - "Commonwealth" and "special relationship" with the United States - to which he envisaged her concurrent role:

(But) he was ready to do with characteristic zeal to offer his oratorical talents to the European cause, without bothering too much about the contradiction involved in presenting Britain both as an integral part of the United States of Europe, and with its Commonwealth, as a separate pillar of world power. 37

From the emphasis that he laid on the Commonwealth and "special relationship", and the later conservative Government's policy, it appears that Churchill, despite his emotional commitment to a "United Europe" was not in fact willing to commit Britain. Lord Gladwyn, one of the most reputed British diplomats, records the same view in his memoirs:

....Churchill was himself clearly not a 'European' at all.... Why the European federalists should have apparently thought at one time that he was thinking of British membership of a Federal Europe I have

never understood. He always made it quite clear that Britain, if he had anything to do with it, would stand aloof. 38

A different factor that drew divergence between the British and the continental approach to the European movement was certain amount of psychological distrust on the part of the British. Many of the plans for European integration were advocated by politicians who were in opposition. In fact, Churchill himself was in opposition when he made his Zurich speech in 1946. Moreover, "foreign ministers and expert advisers looked askance at the intrusion into the field of international relations persons who had neither the responsibility for their conduct nor training for job."³⁹

In terms of economy, relatively speaking, the British economy had quite an impressive upperhand over the economies of the continentals in the early post-war years. No doubt Britain had her own economic problems. The abrupt end to the "Lend-Lease" grants put by the United States, the heavy burden on her balance of payments position as a result of her overseas commitments, and the consequent devaluation of the pound etc. did exert severe strain on the British economy. But these problems, the British thought were only transitory effects of the War. Their confidence to get out of the economic crisis, and comparatively better economic position over the continentals, made the British

38 The Memoirs of Lord Gladwyn (London, 1972), p. 218.

39 Robertson, n. 1, p. 15.

look unenthusiastically at the economic rationale of European integration. The fact that the Labour Party was in power during late 1940's with its "socialist" objectives, added suspicion to her unenthusiasm.

Moreover, the British industrial production had suffered less and recovered more quickly than that of any other Western European states except the Netherlands, as the table below shows:

Country	Industrial Production (% Rate of Increase) ⁴⁰					
	1937	1946	1947	1948	1949	1950
U.K.	100	90	98	109	116	127
France	100	79	95	111	122	123
Belgium	100	80	95	102	104	109
Netherlands	100	95	95	-	-	140
Italy (1938)	100	85	95	99	105	119

This great industrial development made possible an export drive that enabled Britain to have a better balance of payments position over the continental neighbours. Thus in 1938 British reserves of gold and foreign exchange amounted to about £2,877 million. Those of the West European "Six" amounted to £4,855 million. In 1950, the corresponding figures were £3,300 and ⁴¹£3,195 million.

40 Reproduced from Barclay, n. 28, p. 15.

41 Ibid., p. 16.

At the same time, British trade with the Commonwealth, between 1938 and 1950 increased. In contrast during the same period her trade with Western Europe declined. While trade with Commonwealth in 1938 amounted to roughly 20 per cent of total British trade, with Western Europe, the figure was only 12.4. By 1950 the trade figure for Commonwealth amounted to about 40 per cent, while that of Western Europe declined from 12.4 per cent to 12 per cent.⁴² This is a factor that cannot be taken lightly. Improvement in trade with the Commonwealth, even when the Empire was well on its road to liquidation, made the British to see every reason in having further closer economic relationship with the Commonwealth than with an "inward looking" Europe. And it was this factor that dominated largely the policy of successive British Governments towards European integration.

Thus Britain dominated the other Western Europeans materially even after the Second World War. As Barclay says:

The British could thus well feel possessed of a capacity for a world power role simply not available to the continentals. No other Western European state seemed to have such a destiny outside Europe, nor such resources with which to pursue it. 43

With the known political position and the economically stronger status over the other West European states, it would not be difficult now to foresee the British response to the post-war unity movement in Europe. Hence, the ensuing discussion

42 Ibid., p. 14.

43 Ibid., p. 16.

would concentrate on the emergence of the most important political and economic organizations in post-war Europe and analyze the British reaction to them.

The most important and earliest economic organization to come into existence after the war was the Organization of European Economic Co-operation (OEEC) which was the institutional response to the Marshall Plan. Of all the European statesmen, "Ernst Bevin was probably the first to see how General Marshall's Harvard speech of 5 June 1947 could be used to bring American economic strength to take a long-term share in a recovery programme upon a European basis." ⁴⁴ Within two days after Marshall's speech Bevin rushed to Paris to discuss with the French Foreign Minister, Georges Bidault the possibilities opened by Marshall's speech. On 4 July 1947 both Foreign Ministers jointly invited all European states (except USSR, Germany and Spain) to participate in a conference for joint plan on Marshall's proposal. While the USSR had declined to participate in this venture, Spain and Germany were deliberately excluded.

The result was that on 16 April 1948 the Convention on European Economic Co-operation was signed in Paris by sixteen European states, establishing the OEEC. The parties to the convention agreed "to develop, in mutual co-operation the maximum possible inter-exchange of goods and services", to achieve "a

44 Meriam Camps, n. 13, p. 157.

multilateral system of Payments among themselves", to promote "customs Union" and to facilitate the movement of people in order to relieve "local shortages of labour and unemployment."⁴⁵

The OEEC's major task was to draft a four-year co-ordinated recovery programme based on national recovery programmes of member states. It should then make recommendations for the allocation of American aid among participating countries.

The Labour Prime Minister, Attlee, however, tried to allay the impression that accepting the convention had meant committing the United Kingdom to any economic or federal union with Europeans. He stated on 5 May 1948 in the House of Commons debate on the OEEC that he was disturbed by the suggestion that

we might somehow get closer to Europe than to the Commonwealth. The Commonwealth nations are our closest friends. While I want to get as close as we can with other nations, we have to bear in mind that we are not solely a European power but a member of a Great Commonwealth and Empire. 46

Attlee's opposition to a European federal or customs union soon reflected in the OEEC deliberations on the political set-up and the closer economic union among its members.

When the French wanted a strong executive board working full time, and a transnational European secretariat with a Secretary-General with the power to take initiatives in matters, the British, on the other hand, wanted to keep decisions firmly

45 Michael T. Florinsky, Integrated Europe? (New York, 1955), p. 47.

46 UK, Commons, Parliamentary Debates, vol. 250, cols. 1316-19.

under the control of the member governments. The British Government proposed a Council of Ministers working on the principle of 'unanimity', with most of the work being done by Committees of Experts provided by the member Governments.

There was a prolonged debate, often heated, between those who supported the French view and those of the British view, which received the support of Scandinavian countries like Denmark, Norway and Sweden. Finally the compromise solution reached provided for the OEEC which was not strictly supranational in character. Decisions were to be taken by mutual agreement of all member states, but should avoid paralysis through lack of unanimity. The compromise solution was, however, in accord with the British view.

Same was the British position on the economic integration within the OEEC. When the American Administrator of the European Recovery Programme, Paul G. Hoffman suggested a customs union in 1949, Bevin's immediate reply was that the British Government would not yield any degree of economic sovereignty. "We are willing to consult, get advice, hear views and get opinions, but beyond that we cannot go."⁴⁷

British opposition to a further American proposal to create a "European Payments Union" for the multilateral settlements of accounts led to scenes of unprecedented ill-temper

47 Quoted in Barclay, n. 28, p. 17.

within the OEEC.

Cripps insisted that the new agency should have no power to intervene in the economic policies of Governments; that existing bilateral arrangements should remain in force; and that the agency should have no decision-making powers beyond the day-to-day settlement of international payments. 48
(Emphasis added)

What emerges from the above account is that the British Government was, whatever may be the extent of opposition, not willing to shed any amount of decision-making power to a European organization.

The 'Congress of Europe' was attended by delegates from sixteen states, at The Hague, from 8 to 10 May 1948. The British Labour Government refused to send official delegates to the Congress. However, one significant factor was that Churchill was chosen as the "President of Honour".

But when it came to the constitution of the "Council of Europe", once again there was a rift between the British position and that of other member states. The Franco-Belgian proposal suggested a Parliamentary 'European Assembly', elected by the national parliaments of the member states. Voting would not take on the instructions of the respective governments. The British proposal was that there should be a European Council of Ministers that should meet periodically, and a 'conference' of delegations 'appointed' by the national governments voting as a

48 Ibid., p. 17.

'national bloc'.

Continental states were much disappointed at the British attitude. At one point the talks broke down altogether and the possibility of creating a European Assembly without British participation was debated on the continent.⁴⁹

The matter was taken up again in the Consultative Assembly of the Brussels Powers in January 1949. This time it was agreed to set up a "Council of Europe" consisting of a 'Ministerial Committee' meeting in private and a Consultative Assembly whose members were the appointees of respective member states.

The compromise formula evolved was, however, a gain for the British line only.

At the Congress, the divergence of views particularly between the more radical federalists and the cautious, predominantly British, pluralists was striking.... The latter argued for the more traditional forms of cooperation among European states, perhaps leading in time to closer ties, and for an Assembly drawn from national parliaments. In the end, it was this view which prevailed. 50

On 9 May 1950, the French Foreign Minister, Robert Schuman, made an important announcement, calling for the creation of a common European Coal and Steel market. The idea itself was first mooted by Jean Monnet who was then the head of the

49 Survey of International Affairs (London), 1949-50, p. 169.

50 Charles Pentland, n. 19, p. 178.

French Planning Commission.

The aim of the "Schuman Plan" was to set up among "the Six" a single coal and steel market, planning for the abolition of trade barriers. It was also the aim of the Plan to encourage fair competition so that steel and coal sectors of European economy might modernize and grow. The Schuman Plan was an attempt at functionalism on a grand scale for it was clear that it would not only be of considerable economic importance in creating a single market for the two key commodities of the industrial enterprise. But it would also so interlock the heavy industries of the participating countries as to make it almost impossible for France and Germany to arm against each other. "As a method of integration and more important, in the European continent as it developed in the 1950s and after, the ECSC gradually assumed an unambiguous functionalist character."⁵¹

The draft treaty of the Schuman Plan was sent by France to Britain, Italy and the Benelux countries, after it obtained the federal Chancellor Adenauer's approval. The draft treaty was accompanied by an invitation to participate in the treaty negotiations, but only on condition that they agreed, in advance, to accept the principle of a European authority which could overrule national governments. Except Britain, all the other invitees accepted the invitation to take part in the ECSC negotiations on the above condition. The 'Six' Governments - France,

51 Ibid., p. 94.

the Federal Republic, Italy and the three Benelux countries - proceeded, despite the British refusal, with their negotiations on the Plan. And in April 1951, the treaty establishing the European Coal and Steel community was signed by "the Six".

Now the British opposition to the ECSC could be explained on two grounds: political and economic.

Politically, the British argument was similar to ^hher arguments on the constitution of the Council of Europe. She wanted a closer inter-governmental co-operation, through formal institutions. But she refused to participate in an organization that required the abdication of decision-making power on the part of the component member states. Hers was, in short, a "pluralist" argument.

Explaining his Government's position on the Schuman Plan, and making implicit opposition to a 'federal' attempt, Hugh Dalton, the Labour Party spokesman said at Strasbourg:

Owing to the initial conditions imposed, the British Government regretfully, very regretfully, felt themselves unable to take part in the talks at this stage.... Let those who wish to tread the federal road go ahead and good luck to them. 52

When the Conservative Government succeeded the Labour in 1950, its policy towards the Schuman Plan was not very much different from the previous Government's policy. The only difference was that Macmillan, on behalf of his Government, proposed

52 Quoted in Nora Beloff, n. 3, p. 58.

at the Strasbourg Assembly, a plan for joint intergovernmental committees, to concert their production and development plan. The idea was to eliminate the supranational power which the Europeans wanted to give to a European Executive. Macmillan's plan, however, was rejected by the 'Six'.

Economically speaking, the Labour Government expressed its opposition to the Schuman Plan on socialist grounds. The Labour Government expressed the fear that accepting the Schuman Plan would mean subordinating the British socialist policies to more general requirements and it would mean "placing British socialism in a minority in a European Community whose political and social tone would be set by the frankly capitalist economies of, say, Western Germany, in the early stages of recovery."⁵³

The Conservatives were also alarmed by the danger that the continental steel and coal producers might gang up into a cartel. They were equally reluctant to put the British coal and steel economies at the disposal of a supranational High Authority. In the words of Macmillan:

One thing is certain and we may as well face it. Our people are not going to hand to any supranational authority the right to close down our pits or steel-works. We will allow no supranational authority to put large masses of our people out of work in Durham, in the Midlands, in South Wales, or in Scotland. 54

53 Meriam Camps, n. 13, p. 171.

54 Quoted in Nora Beloff, n. 3, pp. 58-59.

Meanwhile, as the EDC Treaty was under examination of the member Governments, the Foreign Ministers of "the Six" created an ad hoc Assembly. This body, after much deliberation and study produced in March 1953 a draft treaty for a European Political Community (EPC). This was perhaps the closest European plan for a federal community. The EPC, which was to incorporate the European Coal and Steel Community (ECSC), and the EDC, was to have as its main organs a bicameral legislature, an Executive Council, an Advisory Council of Ministers, a Federal Court, and an Economic and Social Council.

As noted earlier the British, at the very outset stated that they would not participate in any deliberations for the creation of a European federal organization. Their decline to participate in the EPC negotiations applied to the EPC also.

Encouraged by the successful outcome of the ECSC Treaty and its working the continental 'Six' moved with a further plan to create a European economic community, commonly called the economic relance. The Foreign Ministers of the Six appointed a Committee under the chairmanship of Paul-Henry Spaak to plan the economic relance, in June 1955. The British Government sent as observer, an official of the Board of Trade, Mr Bretherton to the Spaak Committee.

The Spaak Committee submitted its report on 21 April 1956. Meanwhile the British Government suggested that all the eighteen countries of the OEEC should examine a plan for a free trade area. The community countries, however, delayed its

consideration so that the plan would not interfere with the deliberations on the Spaak Committee Report. On 25 March 1957 in Rome, "the Six" signed on the basis of the Spaak report, a Treaty setting up the European Economic Community and Euratom.

By the Rome Treaty, "the Six" agreed to undertake the creation of a 'customs union' that would remove the artificial barriers and forms of trade discrimination; and an 'economic union' that would establish common economic policies by gradually coordinating the national economic policies. The Treaty also expressed the political objective of closer union among the European peoples.

The institutional structure of EEC is not as 'supranational' as that of the ECSC. There should be a Commission charged not only with the execution of Community policy and the safeguarding of the Treaty's requirements but also with the initiation of policy. On the other hand, the Council of Ministers represents the national viewpoints in which majority voting was to emerge, even on major issues.

The uniqueness of this institutional structure has been described variously. But at least there is the common agreement that it was not federal in nature. "The European Community is thus unique in being neither a classic intergovernmental

55 The Luxembourg Agreement of January 1966, however, embodies the French view that decisions concerning the 'very important' interests of one or more members must be "unanimous".

organization nor a monofunctional body nor a federal system...." ⁵⁶

Yet the British Government once again expressed its political opposition to the EEC on grounds of its 'federal' character. Explaining the Government's political reasons for opposition to EEC membership, the Conservative Paymaster General Reginald Maudling, told the House of Commons on 18 February 1958:

....We must recognize that the aim of the main proponents of the community is political integration.... This is a fine aspiration, but we must recognize that to sign the Treaty of Rome would be to accept as the ultimate goal, political federation in Europe, including ourselves. ⁵⁷

The Treaty of Rome, in fact, did not contain a commitment to ultimate federation like the ECSC Treaty. The British objection was groundless. Nowhere in the Rome Treaty does the word 'federation' appear.

The economic objections to membership centred around two points: 'Customs Union' and 'Commonwealth'. If the British were to join the EEC, it amounts to acceptance of its customs union. And the customs union with its common external tariff necessarily ends the individual British tariff. Moreover the common external tariff applies equally to Britain's Commonwealth partners, which means that Britain had to forego the "Commonwealth Preferential system". As Macmillan, as Chancellor of Exchequer, explained to the House of Commons on 26 November 1956:

56 Charles Pentland, n. 19, p. 134.

57 Quoted in Barclay, n. 28, p. 108.

The countries which together will form a customs union will not only abolish tariffs against all goods within the union, but they will also abolish their separate national tariffs against the outside world and will replace them by a single common tariff. If the U.K. were to join such a customs union.... (we) could not expect the countries of the Commonwealth to continue to give preferential treatment to our exports to them if we had to change them full duty on their exports to us.... So this objection, even if there were no other, would be quite fatal to any proposal that the U.K. should seek to take part in a European Common Market by joining a Customs Union. 58

This was a clear-cut statement of Government's position. What Macmillan, in short, making clear was that a customs union was not compatible with a preferential system and that between the EEC and Commonwealth, the British would opt for the Commonwealth.

Having stated the Government's stand, Macmillan outlined the Government's proposal for a wider free-trade area in which each member country would preserve its own external tariffs.

"Foodstuffs, whether for man or beast, whether in the raw manu-⁵⁹factured, or processed state" were to remain outside such new agreement. This meant that access of Commonwealth products to the markets of Britain would be secured by limiting the scope of the free trade area to industrial products only.

The task of negotiations on the proposal for Free Trade Area proposal with the OEEC members was assigned to a ministerial

58 Quoted in Lora Boloff, n. 3, p. 78.

59 Ibid., p. 79.

committee headed by Reginald Maudling. These talks, however, had a tough going. Maudling's talks with the OEEC came to an end, when, on 14 November 1957, Jacques Soustelle, de Gaulle's Minister of Information said that it was not possible to create a free trade area, as wished by the British.

The British Government did not give up her attempt. Maudling continued negotiations with the other six Scandinavian states - Austria, Denmark, Norway, Portugal, Sweden, and Switzerland. On 21 July 1960, the Foreign Ministers of "the Seven" affirmed at Stockholm their intention to establish a "European Free Trade Association" (EFTA).

The EFTA was a mid-way between the extreme demands (from British point of view) of the EEC and the Commonwealth commitments. It allowed each country to have its own tariff system, but also be a member of a (limited) free trade area. Moreover, the EFTA did not involve what the British feared the 'federal' or 'supranational' element.

Certain developments, however, both inside and outside Europe were taking place, which were to convince the Conservative Government of Macmillan of making an attempt to enter the EEC.

"The Six" of the EEC were witnessing an economic upswing with an impressive trade figure. In 1950, Britain had a GNP equal to about 48 per cent of the West European "Six". In 1955 it was 41 per cent. By 1960 the figure was down to 39.5 per cent. Figures of world trade showed similar decline in British economic

power relative to "the Six". In 1950, Britain accounted for 11.7 per cent of world trade, in 1955 for 11.2 per cent and in 1960 for 8.5 per cent. In the same years, "the Six" accounted for 17.6 per cent, 22 per cent and 22.6 per cent respectively. ⁶⁰

It was also evident that Britain was becoming increasingly dependent upon trade with the 'Six' and less so upon trade with the Commonwealth. Thus in 1950, 44.7 per cent of British trade had been transacted with the Commonwealth and only 12 per cent with the Six; in 1955, 46.7 per cent and 12.6 per cent and in 1960 34.2 per cent and 13.3 per cent respectively. ⁶¹

This economic trend had convinced the British industrialists that entry into the EEC would be a 'shot in the arm' of British industry. They argued that entry would also enable the British industry to participate in mergers and alliances that would be necessary to match the American and Japanese competition.

Added to this economic aspect the political argument was that Britain would be able to regain her big power status by joining "the Six". This argument seemed to carry much weight, against the background of the Suez debacle in 1956.

Entry into the Common Market is seen as a recognition of Britain's changed position in the world, adoption to reduced circumstances, abandonment of grandiose self-delusions and a realistic attempt to

60 Barclay, n. 28, p. 128.

61 Ibid.

come to terms with the nations of
Britain's size. 62

The American desire that Britain should join the EEC also had great effect on Macmillan's decision. Recalling how Macmillan reacted to Kennedy's advice that Britain should join the EEC, during the former's visit to US in May 1961, George Ball records in his book thus:

The Prime Minister then made it clear that Britain would try 'very soon to go into Europe'.... Twice during the evening Macmillan drew me aside to repeat that he was determined to sign the Rome Treaty. 'We are going to need some help from you in getting but we are going in. Yesterday was one of the greatest days of my life'. 63

There was thus no wonder when Macmillan announced on 31 July 1961, in the Parliament that:

....Her Majesty's Government have come to the conclusion that it would be right for Britain to make a formal application under Article 237 of the Treaty (Treaty of Rome) for negotiations with a view to joining the Community if satisfactory arrangements could be made to meet the special needs of the United Kingdom, of the Commonwealth and of the European Free Trade Association. 64

On 9 August 1961, the British Government made a formal application to the EEC for entry. Entry negotiations started on

62 Uwe Kitzinger, "Britain and the Common Market: The State of Debate", World Today (London), June 1961, p. 58.

63 Ball, n. 8, p. 81.

64 UK, House of Commons, Parliamentary Debates, vol. 628, cols. 1191-92.

10 October 1961 and made some progress. The talks, however, after October 1962 followed a slow course until on 14 January 1963, the French President, de Gaulle at a press conference made it clear that he no longer regarded Britain as a candidate for admission.

Britain...is insular and maritime, linked by her trade, her markets, and her supply routes to very varied and often very remote countries....

The question today is whether they (British) can accept coming inside a single tariff wall, renouncing all preferences for the Commonwealth, abandoning any privileges for their own farmers, and repudiating the pledges they made to their EFTA partners. This is the real question. It cannot be said that at present time Britain is ready to do these things. 65

The French President then added that if Britain came in, the Community would lose its cohesion and fall prey to an Atlantic grouping, under American control which would soon swallow it up. On 29 January 1963, France vetoed the continuation of negotiations with the British.

The British reaction to the French veto was not hostile. But they looked confidently to the future, reaffirming their determination to enter the EEC. On 30 January 1963, Macmillan stated in the House of Commons that the negotiations were broken not because they were going to fail but because they were going to succeed. The stalemate, he said, was an end of a chapter,

65 Quoted in Nora Beloff, n. 3, p. 163.

but not the end of a volume.

Macmillan was quite correct in describing the General's veto as the end of a chapter - a chapter in the history of the British European policy. 'European Unity', whatever it in reality meant, had never enjoyed that kind of emotional backing in Britain as it had on the continent. This was so despite the fact that the most vehement champion of European unity movement was not a continental, but an Englishman. The continentals believed that the nation-state had lost its relevance, but the British were not quick enough to accept it. Continentals were willing to forge their notions together even bypassing their national sovereignties. But the British still regarded their 'sovereignty' as uncompromising. The continentals believed that their interests were strongly linked to their own continent. But the British believed that their interests lie outside the continent.

It was this divergence from her neighbours that characterized the British response to European unity. Pragmatic as they are, the British adopted a cautious, often suspicious, attitude towards the post-war unity movement. But by expressing their desire to enter the EEC, almost fifteen years after the movement had started, the British had realized that their destiny lies with the continent, not outside it. It was in this

66 UK, House of Commons, Parliamentary Debates, vol. 662, cols. 1319-20.

sense, Macmillan's application and its rejection by France was not only an end of a chapter, but the beginning of a new chapter in the diplomatic history of Britain.

Chapter II

THE BRITISH LABOUR AND "EUROPEAN UNITY"

The end of the Second World War also witnessed the end of the Conservative rule in Britain, and its replacement by the Labour Party on 5 July 1945. The Labour's coming into power, it was widely believed, would entail a radical change in the traditional British foreign policy. The traditional British policy, as already seen in the previous chapter, was generally characterized by the promotion of national interests, defence of the imperial and commercial network, and the management of a European balance as a condition of British security. This policy was severely assailed by the Labour Party.

The Labour attacked the traditional foreign policy on grounds of its class-character. It was nothing but a reflection of the interests of one dominant economic-class - the capitalist class. It was this class which, in pursuit of its interests, pursued an aggressive and imperial policy. Such a policy was not based, therefore, on morality but on selfish class politics.

...Labour partisans denounced traditional policy as something shot through with immoral power politics and arrogant imperialism, which was calculated to further, not the well-being of the entire British people - still less peace and cooperation among the nations of the world - but rather the selfish interests and privileges of capitalist ruling classes. 1

1 Michael Gordon, Conflict And Consensus in Labour's Foreign Policy 1914-65 (California, 1969), p. 5.

In contrast to the class-character of such foreign policy, the Labour offered an entirely different system of a policy based on socialist principles such as internationalism, international working-class solidarity, anti-capitalism and anti-imperialism, and anti-militarism. Socialist foreign policy was conceived as international equivalent of the Party's commitment to socialism at home. Noting the divergence between the Labour and the Capitalist foreign policies, and the identity between the domestic and foreign policy of the Labour Party, Attlee said in 1937:

There is a deep difference of opinion between the Labour Party and the Capitalist Parties on foreign as well as on home policy, because the two cannot be separated. The foreign policy of a Government is the reflection of its internal policy.... Particular instances of action which can be approved by Socialists do not effect the proposition that there is no agreement on foreign policy between a Labour opposition and a capitalist government. 2

What the Labour, in fact, envisaged was a completely different system of international relations. Based on the extended application of the domestic socialist principles at international level, the new system was the one that seemed opposed to 'Realpolitik'. They were not interested in coming to grips with the realities of the international politics, but to change such realities and uproot the system itself.

2 Clement Attlee, The Labour Party in Perspective (London, 1937), pp. 226-27.

....Socialist foreign policy aimed at reforming the international system in such a way that it would come to embody those socialist objectives - economic organization, social justice, fraternity, and cooperation - that Labour stood for in Britain itself. Socialist foreign policy rested, in the last resort, on a powerful and inspiring vision of how relations among nations ought be conducted. 3
(Emphasis in the original)

once the Labour's foreign policy was considered within this theoretical framework, there is no wonder that it meant the complete rejection of the traditional British policy. It meant what the Labour preferred to call 'break in continuity'. Speaking on the eve of the 1945 general election, Harold Laski, Chairman of the Party said:

Labour does not propose to accept the Tory doctrine of the continuity of foreign policy because we have no interest in the continuity of Conservative policy. 4

But was there a real break in the continuity of traditional British foreign policy? Did the Labour Party, once in power, effect a reversal of the traditional policy or reversal of its own doctrinaire formulations?

Theoretical formulations or doctrinaire dispositions undergo considerable transformations faced with realities. Political parties, once in power, generally find it hard to sustain the arguments they put forward while in opposition. It becomes

3 Gordon, n. 1, p. 6.

4 Quoted in *Ibid.*, p. 100.

all the more a difficult task when promises envisaging a complete break with a well-established system and tradition are made. More often than not such promises are either significantly altered or reversed after coming into power. This had what precisely happened in the case of the Labour Party. Unable to break itself from a well-established tradition the Labour Party had to revise its "socialist foreign policy".

The Labour was a partner in the coalition government of Churchill formed during the war period. The coalition included some of the most important Labour leaders who were to play a very significant role in the post-war Labourite Government. Attlee, leading the party, was Churchill's Deputy Prime Minister. Ernst Bevin was the Minister of Labour and Herbert Morrison Home Secretary. Hugh Dalton and Cripps were other important leaders who actively participated in the affairs of the war-time Government.

Participation in the affairs of a government that was too preoccupied with the prosecution of a world war brought them into contact with the stark realities of international politics. The constraints of the world war not only compelled them to take a complacent note of their socialist foreign policy but even forced them to take a fresh view of the validity of such a policy at all. They were forced to rethink the premises of accepted socialist beliefs and values. The Labour Coalition Ministers had to adjust their visions to the brute realities of the existing international system. How great was the impact

of the Coalition Government on the Labour leaders was expressed by Herbert Morrison: "During the Coalition the Labour members had learnt a great deal from the Conservatives how to govern."⁵ That the linking of the Party's ideology to nation's foreign policy was no more a practicable proposition was evident from Bevin's statement when he pleaded in April 1945 "for foreign and defence policy to be put on a different footing outside the party conflict."⁶

It was with this bent of mind and profound change in their conviction that the Labour leaders went to polls in July 1945. The Party's election manifesto, "Let us Face the Future", said very little about foreign policy, and whatever it said was in vague generalities. While reaffirming the socialist principles, the manifesto made no promises. On the other hand, while 50 per cent of Conservative candidates linked foreign policy to matters of defence and armed forces, the corresponding figure for the Labour candidates was only 12 per cent.⁷

The reversal of the Party's socialist foreign policy became obvious and conspicuous once it entered the government. While it is not possible here to prove this contention in a global perspective, it would, however, be shown how radically

5 Quoted in *Ibid.*, p. 82.

6 Alan Bullock, The Life and Times of Ernst Bevin, vol. II (London, 1960), p. 349.

7 Gordon, n. 1, p. 100.

the Party's policy had undergone within the context of Europe, particularly its approach towards Anglo-Soviet relationship.

The Labour Party before it entered the government frequently attacked the Conservatives for their suspicious outlook at the Soviets. It committed itself to developing close Anglo-Soviet amity. This sentiment was expressed in the catchphrase "Left alone understands Left", very frequently associated with the Labour Party.

This sentiment, however, did not last long once the Labour came to power. It was at Potsdam Conference in August 1945 that the official Labour approach to Anglo-Soviet relationship became very clear. On two important issues, German reparations and the Polish western frontier, Soviet and British views clashed clearly. Bevin took so militant a view in defence of the British interests that the general expectation that a socialist government would easily be able to reach a common accord with another socialist government was completely shattered.

The differences became much more glaring at the Council of Foreign Ministers held in London in September 1945. Soviet demands for enormous German reparations, the Soviet-imposed regimes in Bulgaria, Hungary and Rumania deepened the differences further. What particularly alarmed and irritated Bevin and his Government at this Conference was the disclosure of Soviet interests in Southern Europe and Mediterranean. The Soviet Foreign Minister Molotov's insistence for the large British

evacuation from the above area, the Soviet control of the Turkish Straits, and Soviet acquisition of the former Italian colonies, enraged Bevin so much that at one point he likened Molotov with Hitler.⁸

Another important event indicative of growing chasm between Britain and Soviet Union was Bevin's stand on Churchill's Fulton speech of 1946. Churchill's speech was a detailed exposition of the British fears of the Russian designs in Europe and the consequent threat to the 'Free World'. When in March, more than hundred Labour members moved in the House of Commons a censure motion against Churchill's speech, the Labour government, despite its loud outcry, refused to renounce the statement.

What underscores the point here is that the Soviet policy of the Labour Government was running very much against the spirit of its commitment to 'internationalism' and 'anti-capitalism'. In fact, they would have demanded that the British Government made concessions to the Soviet Union.

With their denigration of national interests and their insistence that conflict between nations was the result of easily surmounted misunderstanding, the principles would presumably have dictated unilateral British concessions - to the point where the Soviets would be convinced of British goodwill and begin to reciprocate. 9

8 Fitzsimons, The Foreign Policy of the British Labour Government (South Bend, 1953), p. 31.

9 Gordon, n. 1, p. 104.

Discontent within the Labour Party was growing rapidly against the Government's Soviet policy. The rank and file of the Party were entertaining a strong feeling that the Government, particularly the Foreign Minister Bevin had let down the socialist foreign policy.

In face of the mounting criticism of the Government's foreign policy by the Party members, the Labour Government in 1947 issued a pamphlet, Cards on the Table, which was a detailed pronouncement of Labour's approach to international affairs. The pamphlet came close to almost repudiating everything the party had held sacrosanct for decades. Ridiculing those who equated anti-communism with fascism, it argued how ill-founded, even during war, the pro-Soviet sentiment had been. It emphatically stated that Britain was too weak to take independent action. Cards on the Table put the "attainment of a united independent Europe in the forefront of its aims and declared to prevent the crystallization of the wartime divisions in Europe into spheres of influence."¹⁰ This should not, however, be construed here that the pamphlet was favouring a 'United Europe'. What all it meant was the normalization of relations between the two parts of the divided Europe.

From what has been said above, it can now fairly be contended that in the immediate post-war years, the British

10 Eline Windrich, British Labour's Foreign Policy (California, 1952), p. 27.

Government viewed Soviet Union as the major threat to her security. The later British approach to the Marshall Aid, and the NATO could be understood against this background.

As already noted in the earlier chapter, Bevin was the earliest statesman to recognize the significance of the Marshall speech and play an active role in the formation of the OEEC. Bevin, in fact, invited Molotov with a view to arranging for joint action on behalf of all the countries. Molotov accepted the initiative.

Bevin's biographer records the surprise and excitement with which Bevin received the news of Molotov's acceptance, hoping that it meant a change of Kremlin's policy.¹¹ The three Foreign Ministers of Britain, Soviet Union and France, met from 27 June to 3 July 1946 in Paris. No agreement could be reached as Molotov preferred bilateral negotiations between United States and each European country. The Soviet Union retaliated to the Marshall Aid by forming the Cominform. Moreover, it encouraged the communist parties in Western Europe to sabotage the Marshall Aid Programme.¹²

When it became clear that Soviet Union intended to wreck the European recovery programme and that the four-power agreement on Germany had failed to materialize at the meetings of the Allied Council of Foreign Ministers in Moscow in March-April 1947,

11 Francis Williams, Ernst Bevin (London, 1952), p. 265.

12 Gordon, n. 1, p. 124.

Bevin came out with proposal for a Western European union.

Speaking in Parliament on 22 January 1948, Bevin said:

All these developments, point to the conclusion that the free countries of West Europe must draw closely together... I believe the time is ripe for the consolidation of Western Europe. First in this context we think of the people of France... We are not now preparing a formal political union with France.... The time has come to find ways and means of developing our relations with the Benelux countries... I hope that treaties will be signed with our near neighbours, the Benelux countries, making our treaty with France an important nucleus in Western Europe. We have then to go beyond the circle of our immediate neighbours (to) Italy. 13

The speech, however, failed to impress the European enthusiasts in Britain, especially those who supported the Churchillian 'United Europe Movement'. A close reading of the speech shows that what Bevin meant was no more than close intergovernmental cooperation. He was not obviously calling for a common "European political union" or federation. "What Bevin evidently had in mind was a number of bilateral defensive pacts with the West European countries severally, on the model of the Dunkirk Treaty, rather than a single political and economic complex."¹⁴

The immediate result of the Foreign Secretary's speech was the signing of the Brussels Treaty on 17 March 1948. Also

13. Quoted in F.S. Northedge, British Foreign Policy (London, 1962), pp. 46-47.

14. Ibid., p. 47.

called Western Union the Treaty was actually a multilateral arrangement uniting Britain with France, Italy and the Benelux countries. It aimed at cooperation in economic, cultural, social and defence fields. The Brussels Treaty, therefore, should be understood only within the meaning of the British Government's stand on the question of European unity - a kind of close inter-governmental cooperation.

When the Brussels Treaty was announced by Attlee in the House of Commons on 17 March 1948, a motion supported by about hundred members was moved in. The motion called for a long term policy "to create a democratic federation of Europe with a constitution based on principles of common citizenship, political freedom and representative government, including the charter of human rights." It went on to propose the convocation of "a constituent assembly composed of representatives chosen by the parliaments of the participating states to frame a constitution for such a federation."¹⁵

The motion reflected the ideas of the United Europe Committee which was then engaged in preparations for the Congress of The Hague to be held next year. The Government declined to give time for the motion to be debated. A few days later on 28 March 1948, Bevin said in the Parliament that the "solid work of European unity should proceed strictly by way of inter-

15 Quoted in A.H. Robertson, European Institutions, Co-operation, Integration, Unification (London, 1959), p. 10.

governmental cooperation in economic and defence."¹⁶ At about the same time, the NEC of Labour Party officially warned its members against participation in The Hague Congress, arguing that the question of European unification was a matter to be dealt with solely by governments.¹⁷

The Statute of the Council of Europe was signed in London on 5 May 1949. As already said in the previous chapter, the British Government was firmly opposed to setting up institutions that would act independent of government control. Finally the Statute "bore in every sense the marks of the British resistance to federalism."¹⁸

The belief that Britain was not strong enough to offer security to West European countries in face of a Russian danger, also left Bevin with the strong conviction that without American support any defensive pact or mechanism would not serve the purpose. In fact, the Brussels pact was "valued in London mainly as another device by which to lure American power back to Europe. The Treaty had scarcely been signed before the Labour government petitioned the Truman Administration for negotiation on an Atlantic-wide alliance."¹⁹ As if to underscore this objective the Labour Government entered into more bilateral arrangements

16 UK, Parliamentary Debates, vol. 473, col. 320.

17 Gordon, n. 1, p. 144.

18 Northedge, n. 15, p. 141.

19 Gordon, n. 1, p. 125.

with the United States even while the Brussels negotiations were going on. One such arrangement was Anglo-American agreement to station the American bombers on British soil.

Thus when the North Atlantic Treaty was signed on 4 April 1949, the Labour Government naturally welcomed and defended it wholeheartedly. It, therefore, appears that the Labour Government's major objective was to link American military might to the defence of Western Europe. Moreover it was to this objective that the Government paid more attention than to the question of European Unity.

For some years after the war, most of Europe was in no shape to undertake joint action with Britain for common purposes. Although the organization of post-war defence began with the purely European treaties of Dunkirk and Brussels, the essential objective for Britain was always to involve the United States in European defence, and when this was effected through NATO, it was the British-American link to which Britain continued to give priority. 20

The general conclusion that could be drawn from the Labour Government's approach either to the OEEC or the military arrangements like the Dunkirk, Brussels, and NATO, is that beyond intergovernmental cooperation and consultation, it was willing to concede nothing.

Beyond intergovernmental cooperation of the sort represented by NATO and OEEC, the Labour Government would not venture. Cooperation was fine, consultation was splendid, international secretariats were desirable; but as

20 Kenneth Younger, *Changing Perspectives in British Foreign Policy* (London, 1964), p. 5.

soon as the issue of supranational authority arose...the Labour Government quickly boggled and refused to contemplate the slightest surrender of formal British sovereignty. 21

That the Government was unwilling to shed any amount of her sovereignty was once again made clear by its stand on the Pleven Plan. When the French Prime Minister Rene Pleven, called for the creation of a European Defence Community (EDC) in October 1950, the British Government's attitude was reserved and non-committal, because the plan proposed creation of a single unified army under the responsibility of a "European Defence Minister".

In the early fifties, when the Schuman Plan for the placing of European coal and steel production under a Common High Authority, was being seriously discussed by the French and West German leaders, the Labour Government, while welcoming close friendly relations between France and West Germany, refused to accept the principles of pooling resources and placing them under a "High Authority", at the outset. The French insisted that Britain should accept the principles underlying the proposed European scheme before she participated in the negotiations on the "Schuman Plan". The British Government, on the other hand, true to the British traditions of diplomatic caution and pragmatism, demanded that the negotiations must precede the adherence to principles. How can, the British argued, a government place

21 Gordon, n. 1, pp. 142-43.

its legal power under a federal authority, without first negotiating in depth the full political and economic implications of the Plan? Reiterating the Government's position on the Schuman Plan, Stafford Cripps stated in Parliament that

....it was impossible for His Majesty's Government to take part in the international consideration of his (Schuman) proposals on terms which committed them in advance of such consideration to pool the production of coal and steel and to institute a new high authority whose decisions would bind the Governments concerned... 22

The Labour Government's opposition to the Schuman Plan had already been explained in the previous chapter. However, speaking strictly from the party point of view, this much could be said here that the Party largely opposed it on grounds of the Plan's 'supranational' character and socialist principles. Moreover, the predominantly Catholic supported Schuman Plan also was a significant factor in rousing the Labour's suspicions about the Plan. The Labour felt

...there was something suspect, something popish and reactionary, about 'Christian Democracy', with its subtle shadings of the black and the red.... Preoccupied at home with nationalizing transport and fuel and steel, a Labour Government was not apt to risk a hazardous venture with Europe... 23

Moreover, the rate of the British steel and coal production was

22 UK, Commons, Parliamentary Debates, vol. 680, cols. 147-48.

23 George W. Ball, The Discipline of Power (Boston, 1968), p. 77.

in a relatively far better condition over that of the West European states at this time. The crude steel production in Britain in 1947 was 12.7 million tons while Continental OEEC countries produced only 17.6 million tons.²⁴ In 1949, Britain produced 51 per cent of the coal in the whole OEEC.²⁵ This economic strength definitely must have given the Labour Government, which only recently nationalized steel, some confidence to go alone outside the ECSC.

Expressing its opposition to any European political union and the incompatibility of such union with her world-wide commitments, Bevin said:

A political federation limited to West Europe is not compatible either with our Commonwealth ties, our obligations as well as a member of wider Atlantic Community, or as a World Power.²⁶

of all her objections to the Schuman Plan, it is quite evident that her opposition was basically grounded on the question of 'supranational principle'. It was so with her approach to the OEEC and the Council of Europe and it was equally so in the case of the Schuman Plan.

✓The Labour's stand on the question of European Unity was made abundantly clear in a Foreign Policy Statement entitled

24 Meriam Camps, Britain and the European Community, 1955-63 (London, 1964), p. 5.

25 G. St. J. Barclay, Commonwealth or Europe (Queensland, 1970), p. 15.

26 Quoted in Ball, n. 23, p. 75.

"European Unity" issued by the NEC of the party on 12 July 1950. It was one of the important documents that in unequivocal terms stated the Labour Government's policy towards Schuman Plan specifically and "European Unity" in general.

Arguing its opposition to any federal union on economic grounds the document said that "no British government, whatever its political opinions, could save Britain from bankruptcy without retaining the general framework of control."²⁷ This precisely meant that Britain could not abandon her economic sovereignty.

The document was more vehement on the importance of socialist principles. Arguing that a continental supranational authority would be incompatible with a socialist government, it said:

No Socialist Government in Europe would submit to the authority of a body whose policies were decided by an anti-socialist majority... No Socialist Party with the prospect of forming a Government could accept a system by which important fields of national policy were surrendered to a supranational European representative authority. 28

The logical conclusion that could be drawn from the aforesaid pamphlet "European Unity" is that the Labour Government was opposed to Britain's participation in any continental political or economic union that would compromise its socialist

27 European Unity (London; Labour Party, 1950), p. 165.

28 Ibid., p. 166.

commitments and/or British sovereignty itself. On the other hand, in tune with her preference for a loose intergovernmental association the document preferred "an international machinery to carry out agreements which are reached without compulsion." Obviously the document meant the OEEC or the Council of Europe type of organizations.

In 1957, when the European economic community came into existence the Labour's opposition remained undiminished. However, one point of major significance on the EEC question was that the Party experienced an unprecedented division within its ranks. The pro-marketeters and anti-marketeters, as they came to be called, were so severely divided on the issue with their respective arguments and counter-arguments that at one time an open break-up of the party seemed imminent. In fact, the EEC controversy was a test of the solidarity within the British political parties - both the Labour and the Conservative.

The anti-marketeter group within the Labour Party enjoyed the support of a majority of members. They expressed grave concern for the Commonwealth and EFTA preferences and argued that the provisions of the Treaty of Rome were directly in conflict with the Commonwealth and EFTA arrangements. The main objection of this group to Britain's entry was that the common tariff-wall of "the Six" discriminated against the Commonwealth imports into Britain, and in return, the possibility of Britain losing her trade concessions in their two markets could not be ruled out. The markets of both Commonwealth and EFTA were

larger in size and more profitable to the British than the EEC market. In the words of John Stonehouse, an anti-marketeer,

...all Commonwealth preferences will have to go, which will mean that the vast Commonwealth market, probably the biggest in the world, will be open, not only to Italy, Germany and France, but open to Japan, and the United States to exploit. We will lose an immense amount of trade unless we safeguard our Commonwealth connections. 29

The second argument against entry was that the EEC was regarded or rather branded as a "richmen's club". It is a capitalist bloc, so ran the argument, whose free trade and flow of capital would ultimately result in the emergence of a few monopolies and cartels. Free competition, and monopoly capitalism are inconsistent with socialism and planned economy.

The third argument of the anti-marketeters was that the EEC was an "inward-looking" body, whose character and structure went much against the spirit of European unity and not in its promotion. The "Six" were rather accentuating the post-war divisions in Europe instead of bridging them up.

Lastly, if Britain ~~joins~~ this "inward-looking" bloc, she would be betraying her world responsibilities. Both freedom of action and independence in foreign policy may be at stake. Entry would leave on Britain the stamp of being narrowly "European" without a global outlook.

29 Report of the Sixtieth Annual Conference of Labour Party (London, 1961), p. 212.

If Britain joined and became closely identified with the foreign policies of some of the governments, within the Common Market, we might not have the necessary freedom for manoeuvre at a critical time in seeking to build a bridge between the Soviet Union and the United States and between China and the United States. 30

If there were the anti-marketeer arguments the arguments in favour of entry by the pro-marketeers were equally powerful. Firstly, the pro-marketeers argued that entry would improve the domestic economic conditions. It would be a 'shot in the arm' of the British industry, for free competition would force the limping industries either to close down or adapt themselves to the continental standards. It was further argued that the Rome Treaty was not necessarily opposed to planning and public ownership. In fact, in Italy and France some sectors were under public control.

A second pro-marketeer argument was that Britain must realize the loss of her global power and should be pragmatic enough to play a greater 'European' role on the continent. Failure to join the EEC would leave Britain with diminished international status. Moreover, the long-term value of Commonwealth relationship was uncertain since these nations were increasingly assertive of their independence and freedom of action in global affairs.

Lastly, the pro-marketeters vehemently argued that if Britain chose to remain outside the EEC, there might emerge a West European bloc under West German leadership which could deprive Britain of a role in European affairs. Thus in the words of Shirley Williams, a Labour pro-marketeter:

If we stay outside the Common Market, we shall leave West Germany, leading a European bloc as powerful economically as the Soviet Union or United States... That is why I feel that this country has an obligation to go in and help to lead the third great bloc, as it will be, in the world. 31

These were, thus, the divergent and contrasting positions taken by the opposing groups within the Labour Party on the issue of Britain's entry into the EEC. These differences were so great that, as pointed out earlier, they threatened an open split in the party. To avoid one such a situation and to reconcile the opposing groups, Gaitskell, the leader of the Parliamentary Labour Party, proposed the well-known "Five Conditions" as a compromise solution. The same five conditions were laid down in "Labour and the Common Market", a policy document on the EEC issue, which Gaitskell himself presented on 29 September 1962 to the National Executive Committee of the Labour Party at its 1962 Annual Conference. These five conditions were as follows:

1. Strong and binding safeguards for the trade and other

31 Report of the Sixtieth Annual Conference of Labour Party (London, 1961), p. 219.

interests of Britain's friends and partners in the Commonwealth;

2. Freedom to pursue Britain's own foreign policy;

3. Fulfilment of government's pledge to Britain's

associates in the EFTA;

4. The right to plan British economy by herself;

5. Guarantee to safeguard the British agricultural

³²
position.

These conditions were to a large extent an admixture of vague political phrases and underlying suspicions that the EEC was a capitalist club. One can avoid the impression from the "Five Conditions" that they would obstruct Britain's entry into the EEC. Though they were listed as a compromise gesture to the pro-marketeters, they were both in fact and spirit speaking very much the language of anti-marketeters.

The Party's anti-market orientation became more pronounced in Gaitskell's marathon speech at the Labour Party's Annual Conference in October 1962.

But before discussing about Gaitskell's speech, a few words may be said about Gaitskell's attachment to Commonwealth. Gaitskell had a sentimental attachment to the Commonwealth: His father had served in India. He believed that the Commonwealth nations played an historically important role in building the British Empire. He felt Britain had a duty to protect the

32 Report of the Sixty-first Annual Conference of the Labour Party (London, 1962), p. 87.

interests - largely economic - of the underdeveloped Commonwealth countries. Britain, once she joined the EEC would not be able to do justice to her Commonwealth partners. Moreover, it would be a betrayal of her Commonwealth commitments. Britain's role as "mother country" of the Commonwealth would be completely lost once she joined the EEC. It was this attachment to the Commonwealth that influenced him to a large extent in adopting an anti-EEC posture at the Brighton Conference.

Strongly disapproving any arrangement that would undermine Britain's traditional relationship with the Commonwealth, Gaitskell argued that if "Britain enters the Common Market the barriers will go down between us and the 'Six', but they will go up between us and the Commonwealth."³³ Presenting the contrast of economic advantages between the Commonwealth and the EEC, Gaitskell maintained that while in 1961 the exports by Britain to the Commonwealth were 43 per cent of the total British exports, the share of the EEC in British exports was only 16.7 per cent. Launching a blistering attack against the idea of supranationalism, the Labour leader warned that political federation would mean "the end of Britain as an independent nation-state...it would mean an end of thousand years of history...."³⁴ And it does mean the end of the Commonwealth."

33 Report of the Sixty-first Annual Conference of the Labour Party (London, 1962), p. 155.

34 Ibid., p. 156.

That the prevailing mood of the conference was anti-marketism was demonstrated by the standing ovation that Gaitskell's speech received. Harold Wilson proposed that "this historic speech...be immediately sent to be printed and made available to every party member in this country and to the wider areas beyond." ³⁵ Giving an emotional vent to the Burkenean hyperbole of Gaitskell, Wedgewood Benn said: "I believe that the historic speech that launched the historic debate at this historic conference will carry us into historic battle." ³⁶

It cannot, however, be contended that the party gathering was massively carried away by the anti-market wave of Gaitskell's grandiloquence. The pro-marketeters did not fail to argue their case. Favouring Britain's entry into EEC one of the staunch pro-marketeters, Roy Jenkins said:

I am not going to pretend that there are not those of us who believe - and I am still as convinced as ever of this - that Britain's destiny lies with Europe and that unless we go in we shall be both poorer and weaker than we need be. ³⁷

In fact, the rift between the pro and anti-market groups became more explicit, pronounced and even hostile. Both the opposing groups tried to convince the British public as logically as possible with their respective arguments.

35 *Ibid.*, p. 158.

36 *Ibid.*, p. 160.

37 *Ibid.*, p. 173.

These ideological differences within the Labour Party not only remained what they were before the 1962 annual conference but they were further aggravated. In fact, while Gaitskell's "Five Conditions" when they were first declared were expected to reconcile the opposing groups, his speech at the Annual Conference instead widened the existing schism within the Labour Party between the anti and pro-marketeters much deeper. Now the contending groups which were already having their associations even before Gaitskell's speech, mounted up their respective campaign. Thus the "Labour Common Market Committee", set up by the pro-marketeters, with the membership of both party members and some trade unionists, started a brisk campaign for Britain's entry into the Common Market.

It set up training sessions for persons to speak for EEC entry to locals and trade unionists in constituencies. It despatched speakers to various parts of the country to propagate, particularly to trade unionists, of entry into the Common Market. 38

The Committee propagated that continental states were as advanced and serious about social security measures and spent as much per capita on it as Britain.

On the other hand, the 'victory for socialism group' representing the anti-marketeters intensified equally its campaign against entry into the Common Market. "It argued that entry into EEC would restrict government's policy to nationalize

38 Robert L. Pfaltzgraft, Jr., Britain Faces Europe (London, 1968), p. 243.

industry and engage in economic planning. The group condemned³⁹ the Common Market as an instrument of US policy in Europe."

The rift was continuing to grow further and by the time of the 1964 general election, the chasm between the two opposing groups went much deeper.

Here, a few words may be said about the Labour view of 'European Unity': 'European Unity', whatever the continentals understood by that term, had never enjoyed a favourable response among the Labour circles. The Labour, as also the majority of the British people did, was essentially unwilling to adhere to and participate in any kind of European organization - be it federal or functional or neofunctional - that restricted a nation's sovereignty. What all the Labour Government was willing to accept was a loose association that did not make any demands on the sovereign power of Britain. This was amply evidenced in her policy towards the OEEC and the Council of Europe.

Being a socialist party as it was, the Labour Party viewed the continental unity movement with some suspicion, particularly in the immediate post-war years, when the European movement was largely led by Christian Democrat leaders. The weakness of the Left in the West European states and the role played by the Christian Democratic Parties raised the fears that the European economic institutions would merely be tools in the hands of big business. The Labour viewed the economic

39 Ibid., p. 245.

integration on the continent as a kind of capitalist coalition, participation in which would certainly undermine socialist principles.

It was thus largely on these two grounds - supranationalism and anti-socialist fears - that the Labour Party opposed the European unity movement.

Chapter III

SHIFT IN LABOUR'S ATTITUDE TOWARDS "EUROPEAN UNITY"

In October 1964 the British electorate went to polls. The result of the General Election was that the thirteen-year old Conservative rule was replaced by that of the Labour. However, it is no exaggeration to say that the Common Market issue was virtually absent from consideration in the General Election. What had been the most controversial political issue of 1962, received attention in the election address of only 11 per cent¹ of the Conservative and 8 per cent of the Labour candidates.

Labour's election manifesto condemned the Conservative Governments of Macmillan and Home for their readiness to negotiate entry under highly unfavourable terms. The manifesto accused the Tories of having allowed the Commonwealth share of Britain's trade to drop from 44 per cent to 30 per cent, and stated that while seeking "closer links with our European neighbours, the Labour Party is convinced that the first responsibility of a British Government is still to the Commonwealth."² The Labour, once in power, would make a drive to step up exports to the Commonwealth. The manifesto did not suggest that a Labour Government would try again for Britain's entry into the EEC.

1 Robert J. Leiber, British Politics and European Unity (California, 1970), p. 242.

2 Labour Party, New Britain, Manifesto for the 1964 General Election (London, 1964), p. 19.

Even after forming the government, the European issue mattered little in the deliberations of the Labourite Cabinet. The new cabinet, which was by no means pro-European, was absorbed with other matters. Its priorities were with domestic problems, the promotion of detente, and the development of Commonwealth relations.³ Its initial policy statements, therefore, offered little prospect of a resumption of the European venture. Speaking to the British Chamber of Commerce in Brussels the Foreign Secretary Michael Stewart reiterated on 11 February 1965 Britain's desire for "closer cooperation between the EFTA and the Common Market", and reaffirmed her role of Commonwealth leadership, and observed that "no choice was necessary between Atlantic and European orientations."⁴ A clearer statement by Harold Wilson followed a few days later when he told the Parliament that the Government would be prepared to negotiate "only if the necessary conditions relating to essential British and Commonwealth interests could be fulfilled."⁵

In contrast to the above position, the Common Market issue began to receive increasing attention of the Government during the spring and summer of 1965 and henceforward on 2 August 1965, Walter Padley, Minister of State for Foreign Affairs

3 Meriam Camps, European Unification in the Sixties (New York, 1966), p. 141.

4 Quoted in Robert J. Leiber, n. 1, p. 245.

5 UK, Commons, Parliamentary Debates, vol. 706, col. 1003.

stated in the Parliament that the "Five Conditions" of 1962⁶ were not "Ten Commandments". Towards the end of 1965, a change in the tone of the Foreign Secretary on the rigidity of the 'Five Conditions' was becoming increasingly clear.

By the autumn, the Foreign Secretary showed signs of softening the Five Conditions, which remained Labour's official policy. At the party's Annual Conference, he criticized those reservations involving the Commonwealth and the problem of retaining independent foreign policy and economic capabilities, and in Parliament he described some of the conditions as easier to meet than previously.⁷

The above statements, however, were not indicative of a major shift in party's formal position on the Common Market issue. For, even during the election campaigns of 1966 General Elections, the Common Market issue received less attention than compared to the other opposition parties. While 50 per cent of the Conservative and 67 per cent of Liberal candidates referred to the subject in their electoral speeches the share⁸ of the Labour candidates was only 9 per cent. Speaking at Bristol on 18 March 1966, Wilson said:

We must be free to go on buying food and raw-materials, as we have for 100 years,

6 Quoted in Cynthia W. Frey, "Meaning Business: The British Application to Join the Common Market", Journal of Common Market Studies (London), 1967-68, p. 194.

7 Quoted in Robert J. Lieber, n. 1, p. 244.

8 Ibid., p. 244.

in the cheapest markets - in Canada, Australia, New Zealand, and other Commonwealth countries - and not have this trade wrecked by the levies that the Tories are so keen to impose. 9

The party's election manifesto also expressed about the same view. It stated that Britain would be ready "in consultation with...EFTA partners...to enter the EEC, provided essential British and Commonwealth interests are safeguarded."¹⁰

Upon the opening of Parliament in April 1966, the Queen's speech again emphasized Britain's readiness to join the Common Market provided her "essential conditions" were met. These conditions, however, "remained unspecified, and the Prime Minister observed that certain of the obstacles to the entry had diminished."¹¹

It was from the summer of 1966, that a change in the Labour Government's position on the Common Market became not only perceptible but marked. Now the Cabinet largely being pro-European in composition, increasingly concerned itself with the Common Market issue. On 6 May 1966, George Brown, Minister in charge of the newly created Department of Economic Affairs, and a staunch pro-marketeer himself, stated that "the question is not whether Britain should join the EEC but when and on what terms."¹² Roughly within a year after the Labour Party formed

9 quoted in The Guardian (Manchester), 19 March 1966.

10 Labour Party, Time for Decision. Manifesto for the 1966 General Election (London, 1966), p. 21.

11 Robert J. Lieber, n. 1, p. 246.

12 Quoted in The Times (London), 17 May 1966.

the government for the second time, the EEC issue gained momentum. The Labour Government entered a new phase, that of wholehearted assertion of "Europeanism", finally culminating in Wilson's announcement on 2 May 1967, that the Government had decided to make formal application for membership of the EEC. What were the factors or rather the forces that brought about a shift in the Labour's attitude towards the EEC? Why should the Labour Government, which even on the eve of 1966 General Election remained unaltered over its emphasis on the Commonwealth and EFTA preferences, decide to enter the Common Market, within less than a year after the Election?

The answers to the above queries could be sought only by examining the change in Wilson's own attitude towards the EEC issue. For to analyze Wilson's mind over this issue is to analyze the mind of British Labour Party over the European issue during the period under discussion. There is no exaggeration here, nor is there any hero-worshipping. "For the last eight years (i.e., 1963-71) the history of Labour Party has been interlocked with the history of Harold Wilson." ¹³ It was as the party leader, as an effective manager of its affairs, by evolving a consensus out of conflicting commitments that Wilson retained a firm grip on the Labour Party affairs.

It was Wilson who must take the credit or blame for converting the party into a

13 Anthony Sampson, The New Anatomy of Britain (London, 1971), p. 43.

consensus party, whose task was - and still is - to recapture the 'middle ground' from the Conservatives. He is a consummate political manager and his career thus reflects the balances of the Party. While Gaitskell believed in passionate commitment and in meeting arguments head-on...Wilson believed in keeping the party together at all costs... He attacked from the left, but he was always seeking the point of balance. 14

It was with such consummate handling of party affairs, that ability to mould the party opinion in accordance with his understanding of the changing situation and his own opinion that Wilson was able to head off any massive party opposition to his decision to apply to the EEC membership. Perhaps Wilson's greatest contribution to the cause of Britain's entry into Common Market finds its best summarization in the words of Uwe Kitzinger:

Harold Wilson is almost certainly one of those few men but for whom Britain could not have entered the Community. He rendered a double service. Strategically it was he who committed the Labour Party to the principle of entry against strong reservations on the part of some of his colleagues. By so doing he ensured that the question of enlargement did not vanish from the community's agenda in the sixties; and he made the task of whatever government might be in power in the early seventies a very much less daunting one at home as well as abroad. 15

It is because of such leading role and contribution to Britain's

14 Ibid., p. 44.

15 Uwe Kitzinger, Diplomacy and Persuasion (London, 1973), p. 276.

final entry into the Common Market, it becomes necessary to examine Wilson's own position on the EEC issue. Henceforward it would be the task of this chapter to analyze Wilson's original stand on Common Market, the factors that compelled him to turn seriously towards Europe, and finally his decision to undertake a trip to the continent.

Harold Wilson started originally with a highly negative attitude towards the Common Market. His attitude was largely, as could be expected, shaped by the usual Labour suspicion of free trade, private ownership, emphasis on socialist planning, etc. In 1962, he denounced the community as incompatible with the substance of purposive public ownership. He categorized the Common Market as 'anti-planning' in its whole outlook.¹⁶ He expressed a grave fear of "the domination of Western Europe by a Paris-Bonn axis, dedicated to an intransigent line in East-West affairs, right-wing possibly semi-neutralist and before long, nuclear powered."¹⁷

Wilson's antagonism towards the Common Market persisted not only until 1964 when the Labour came into power but even until the early months of 1966.

A form of integration which encourages a narrow 'Little Europe' nationalism, an inward-looking mentality, whether in economic or in political terms would be

16 Ibid., p. 279.

17 Quoted in Uwe Kitzinger, ed., The Second Try (Oxford, 1968), p. 85.

a danger... We believe that Britain has a distinctive and unique contribution to make as a result of our historic role as a world power. 18

One recurring theme that occurs in most of Wilson's speeches on the EEC issue was his deep attachment to the protection of Commonwealth interests. Making a virulent attack on the Conservative Government for its alleged neglect of the Commonwealth trade, Wilson on 6 February 1964, in Parliament said:

We made it clear all along that our view is that preferences as such are a much less important asset in inter-Commonwealth trade now, but we were not prepared to sacrifice trade with the Commonwealth in order to get into the Common Market. That was our position and it is our position.

Ending his speech on Commonwealth with a perovⁿation Wilson posed a challenge to the Government.

Conscious that perhaps no one has yet told him (the Prime Minister) what my question was, I will repeat it now, across the Table: 'Will he give a pledge that no Government of which he is the head will consider entry into the Common Market on any terms which would reduce Britain's existing freedom to trade with the Commonwealth'?

On behalf of my party, I give that pledge. 19

This concern for the Commonwealth interests remained with Wilson even after 1966 when he stated, as already pointed out,

18 Harold Wilson, The New Britain (Middlesex, 1964), p. 94.

19 Ibid., p. 124.

that essential conditions safeguarding Commonwealth and EFTA interests should be fulfilled before entry into the Common Market.

On Gaitskell's 'Five Conditions' Wilson had this to say in 1964: "We said then, and we say now, that we are prepared to resume negotiations for entry into the Common Market if, and only if, we can get, the five conditions we then laid down."²⁰ That position stands." (Emphasis added) And this position Wilson maintained almost unchanged till the Labour resumed power in 1966. Making a scathing attack on 18 March 1966, on Edward Heath, the Conservative leader, Wilson said: "...some of my best friends are Spaniels, but I would not put them in charge of negotiations into the Common Market." A much more clear statement occurs in the same speech when he said:

We are ready to join if suitable safeguards for Britain's interests, and our Commonwealth interests, can be negotiated... We shall continue and intensify these probings... Given a fair wind, we will negotiate our way into the Common Market, head held high, not crawl in. And we shall go in if the conditions are right. 21

On the other hand, Wilson maintained that it was Britain's falling production rate under the Conservative Government that lowered her status in the world. He argued that the Conservative Government, in its overenthusiasm to enter the Common Market lost sight of the real economic implications of such entry, and

20 Ibid., p. 120.

21 Quoted in The Guardian, 19 March 1966.

denied Britain of a purposive economic plan. "Never has our influence been weaker than in the period when a Conservative Government, bankrupt of any ideas for regenerating our economy,²² looked to the Common Market to solve all our economic problems." Moreover Wilson firmly believed that it was the economic crisis created by the Conservative rule that was the prime reason to Britain's failure to enter the Market first time. He held the Conservative Government, and not de Gaulle, as largely responsible in losing her case in her first attempt to enter the EEC:

Wilson never believed - at least not while he was in opposition - that de Gaulle had sabotaged Britain's first attempt to join in 1963; but he always has been of the mind that an economically sick Britain would never have a chance - either to be accepted by the Six or more important to hold her head above water inside. 23

The only solution to get Britain out of this economic mess to enable her play a meaningful and influential role in the world, Wilson believed, was to strengthen her economic position. "Britain's standing in the world. This will never be assured until we have fortified our economic strength at home...."²⁴ But how could economically strong Britain be created? By creating a 'New Britain'. Who should create such 'New Britain', and what would be its foundations? The Labour Party would create it, given the political power, based on

22 Harold Wilson, n. 18, p. 23.

23 Cynthia W. Frey, n. 6, p. 198.

24 Harold Wilson, n. 18, p. 21.

entirely new economic grounds, so argued Wilson. He conceived of a 'New Britain' before the 1964 General Elections, which he described as below:

Labour wants to mobilize the entire nation in the nation's business. It wants to create government of the whole people by the whole people. Labour will replace the closed and exclusive society, by an open society in which all have an opportunity to work and serve, in which brains will take precedence over blueblood, and craftsmanship will be more important than caste. Labour wants to streamline our institutions, modernize methods of government, bring the entire nation into a working partnership with the state. 25

In short Labour would create a new society. Such a society would also take up a better planning and utilization of scientific and technological skills. This point needs a little more attention, for it gains a political and diplomatic significance in Wilson's hands in his efforts to enter the Common Market. Wilson's emphasis on the importance of scientific and technological skills could be explained in his own words:

...we believe that the regeneration of British identity means...the positive application of science to British industry. We need more scientists. We need more technologists, we need more engineers, we need much greater encouragement to those among us who are capable of innovation, of technical skill for scientific research - and the application of all these things to industry. 26

Wilson also promised to create a Ministry of Technology which

25 Ibid., pp. 9-10.

26 Ibid., p. 50.

in fact came into existence under the Labour Government. It is better to leave this subject at this juncture, since it would be receiving an exhaustive consideration in the next chapter.

The new society or the 'New Britain' which Wilson so enthusiastically talked about before he entered the Government, however, proved to be too ideal to realize after he entered office. Under the stress of the interplay of several forces, the concept of 'New Britain' received the least consideration. If so, what were these forces that compelled Harold Wilson to move from his anti-marketism to pro-marketism, to seek membership of the Common Market, which once he himself denounced as 'inward-looking' and 'anti-planning'? The answer is that a network of manifold factors - economic, political, domestic, and external - effected an upswing in Wilson's stand on the Common Market, ultimately forcing him to announce on 10 November 1966, to undertake a trip to the continent to explore the possibilities of entry into the Common Market. Henceforth, an analysis of these forces would be undertaken.

The outgoing Conservative Government in 1964 left behind a costly economic legacy - the severe deficit in the balance of payments position of Britain. It was quite a heavy burden that cost and influenced the Labour Government's policies largely. Recording that the forecast of the economic situation presented by the Treasury to the incoming Government in October

1964 showed a deficit of about £800 million on her overseas payments for 1964, Wilson states that "it was this inheritance which was to dominate almost every action of the Government for five years of the five years, eight months we were in office" (emphasis added).²⁷ Moreover, this deficit not only remained periodic, but it continued until the Labour Government devalued the pound in November 1967. Thus the deficit was £776 million in 1964, £342 million in 1965, £133 million in 1966, and £540 million in 1967.²⁸ Wilson had to take the decision of devaluation, though he rejected firmly one such proposition in July 1966, hardly six months before devaluation. Without making a digression this much could be said here that it was this devaluation that offered de Gaulle a diplomatic stick in his rejection of British application in 1967.

Another equally constraining factor was the low ratio of industrial production when compared to the other leading powers. Between 1964 and 1966, while Britain's industrial index rose only by 6 points, that of Japan's rose by 49 points, Italy's by 32 points, France's by 12 points, USA's by 26 points and West Germany's by 11 points.²⁹

With the economic crisis reaching its peak in July 1966,

27 Harold Wilson, The Labour Government 1964-70 (London, 1971), p. 5.

28 Donald Maclean, British Foreign Policy Since Suez, 1956-68 (London, 1970), p. 97.

29 Ibid., pp. 102-3.

with severe fall in industrial production, unemployment, continuing deficit in balance of payments, the Labour's programme of 'New Britain' faced a crucial test. The Government was forced to take certain steps that ran counter to the 'New Britain' conception.

The July 1966 crisis and the fateful decision not to devalue entailed a decisive switch in priorities from growth to stability - from investment for future productivity to retrenchment in the interests of the balance of payments and short-run world confidence in the pound. 30

Faced with such crisis-ridden economy, the Government not only had to withdraw its earlier promises, but even started developing cold-feet.

By July 1966 their (the Cabinet members') self-confidence had been shattered. They were subjected to a failure nearly as shocking as the Suez fiasco was for a Conservative Government. Less than four months after the electorate had given him (Wilson) a comfortable majority, Mr Wilson found himself facing economic catastrophe, the National Plan in tatters and the Treasury Coffers nearly empty. 31

After the July economic crisis, Wilson reshuffled his Cabinet, which was already pro-market in character, and shifted George Brown, from the Department of Economic Affairs to Foreign Office. Moreover, as Wilson himself admits, he turned his attention

30 Uwe Kitzinger, n. 15, p. 280.

31 Richard Crossman, "Britain and Europe - A Personal History", The Round Table (London), October 1971, p. 591.

seriously towards Europe. Stating reason for appointing George Brown as Foreign Secretary, Wilson notes: "We seemed to be drawing nearer to the point where we would have to take a decision about Europe, and George Brown seemed to me the appropriate leader for the task which might be ahead."³² And it was from this date, that Brown played a very remarkable role in the Labour's European policy.

Secondly, the Commonwealth trade, to which Wilson attached so great an importance, started dwindling. So far the British policy towards the Commonwealth was based on this notion that they could lead the Commonwealth as a political and economic group, while there was never any prospect that independent Commonwealth countries would choose to act together or to follow the British lead as they had been compelled to do under the Empire.

It was absurd to expect that a country comprising one twentieth of the industrialized world would continue to be the main economic partner for countries which comprise one-half of the less-developed world... Yet this is what the conception of the Commonwealth as an economic system in itself amounted to: one more illusion based on the tacit assumption that Britain had the resources of a very great power. 33

With the development around 1960 of the Commonwealth countries' relation with the rest of the industrialized world,

32 Harold Wilson, n. 27, p. 272.

33 John Pinder and Roypryce, Europe After De Gaulle (Middlesex, 1969), pp. 149-50.

the process of decline in their trade with Britain began. The trend of decline is demonstrated below:

34

United Kingdom's Commonwealth Trade
(in percentage)

Year	Exports to Commonwealth	Imports from Commonwealth
1961	35.5	35.5
1965	28.4	29.8
1966	25.9	27.6

It may be noted that the absolute level of exports to Britain by the Commonwealth countries had not very much declined, but the whole of the increment had gone elsewhere, i.e. United States, Japan, the EEC, Russia and the rest of the world. Nigeria, for example, entered into an individual trade agreement with the EEC in May 1966. The United States, which supplied 33 per cent of the import need of the Commonwealth countries replaced Britain as the chief provider. The result was that the share of British exports going to the Commonwealth fell from 35.5 per cent in 1961 to 24 per cent in 1967. During the same period British exports to the United States, and Western Europe rose by 83 per cent.³⁵ The Commonwealth, therefore, lost its traditional importance as a valuable trading partner of Britain. It was

34 Reproduced from Robert L. Pfaltzgraff, Britain Faces Europe (London, 1973), p. 190.

35 John Pinder and Roy Pryce, n. 33, p. 150.

this development that convinced many Labour members that the idea of Commonwealth as an effective alternative to the EEC was only groundless.

Politically too, Britain lost, particularly in 1960s considerably her diplomatic role and initiative in Commonwealth. When the Indo-Pakistan war broke in 1965, Wilson hastily declared that India was the aggressor, though he withdrew this remark at a later stage. Moreover, since both the warring parties were members of the Commonwealth it would have been appropriate for Britain to bring the parties to the negotiating table. On the contrary, this diplomatic initiative was taken by Russia, instead of Britain. The Tashkent Agreement of 1966 not only indicated the diplomatic skill and strength of Russia, but also the declining political role of Britain in the Commonwealth. "Britain's inability to deal with it (Indo-Pak war) damaged her standing greatly in the eyes of the rest of the world. In the end...Russia succeeded where Britain and Commonwealth had failed."³⁶

Similarly the Labour Government's decision only to apply economic measures against Rhodesia and on its unilateral declaration of independence on 11 November 1965 led to a severe breach between the African Commonwealth members and Britain. Britain's refusal to use force against the illegal regime of

36 Mary Proudfoot, British Politics and Government: 1951-70 (London, 1974), p. 171.

South Africa as demanded by the African states made the African states and other non-African Commonwealth states to doubt the Labour Party's bona fides as the champion of Commonwealth interests. Even some of them like, Ghana and Tanzania broke diplomatic relations with Britain.³⁷ The net effect of these developments was that Wilson had to have a second look at the continued advantage of strong relationship with the Commonwealth.

Wilson was profoundly unhappy at the way he was treated by his Commonwealth colleagues in 1965 and 1966 over the issue of Rhodesia and one has only to read his own account of the September 1966 conference, and of his 'cold but controlled fury' to recall just how close to the dissolution of the Commonwealth things had come. 38

Moreover one should also note Wilson's accent on the protection of Commonwealth interests after 1965. As discussed above, during his attack in 1964 on the Conservative Government over its Commonwealth policy, he unreservedly placed Commonwealth interests above the Common Market question. But during 1966, Wilson's tone became rather milder and vague on protecting the Commonwealth interests. In the Queen's speech of April 1966, it was stated that Britain would enter the EEC provided her conditions were met. These conditions remained unspecified and the Prime Minister observed certain of the obstacles remained

37 H.S. Chopra, De Gaulle and European Unity (New Delhi, 1974), p. 201.

38 Uwe Kitzinger, n. 15, p. 283.

to entry had diminished."³⁹ Again in his 10 November 1966 speech, Wilson announced in Parliament "Whether it appears likely that essential British and Commonwealth interests could be safeguarded if Britain were to accept Treaty of Rome to join the EEC."⁴⁰ But the Prime Minister remained silent on what exactly these essential conditions were. "Wilson maintained his freedom of manoeuvre by refusing to define the nature of these essential British and Commonwealth interests. In reality, the Labour Government's European policy had under-⁴¹gone a remarkable transformation."

It can, therefore, be seen here that Wilson, who, in 1964, demanded a pledge from the Conservative Prime Minister not to accept terms of entry into EEC which would reduce Britain's existing freedom to trade with the Commonwealth, and who pledged himself on behalf of his party, remained quite ambiguous and unspecific over the same pledge. He had never gone beyond what exactly his "essential conditions" would mean and never clarified whether it would mean the retention of "existing freedom to trade with the Commonwealth".

Thus it is difficult to avoid the conclusion that Commonwealth countries were increasingly and probably correctly viewed in Britain as a burden than an asset. Just as Britain was feeling the need to cut back

39 Robert J. Lieber, n. 1, p. 246.

40 Quoted in The Times (London), 11 November 1966.

41 Robert J. Lieber, n. 1, p. 247.

on defence and foreign policy commitments, so now, there was growing awareness of Britain's inability to carry the full burden of her Commonwealth commitments either. 42

Britain's relations with the EFTA partners also strained during this period. The 15 per cent surcharge on imports including those from the EFTA, in order to meet the balance of payments deficit created substantial resentment among the EFTA members. The action was taken without prior consultation. The EFTA members issued a statement on 20 November 1965 that the "British trade restrictions were inconsistent with the United Kingdom's obligations under the (EFTA) convention and Association Agreement."⁴³ By imposing the surcharge without obtaining the prior agreement

Britain, the largest and most important member of the EFTA had shattered the feeling of trust within EFTA and aroused latent suspicions in Western Europe about the depth of the British commitment to European economic and political unity. 44

However, in December 1966, the EFTA meeting in London approved the Wilson Government's decision to attempt to negotiate.

Moreover, trade with the EFTA also could not come to the expectations of the United Kingdom. The import-export figures between UK and EFTA were surpassed by the corresponding figures

42 Mary Proudfoot, n. 36, p. 211.

43 Quoted in The Sunday Times (London), 21 November 1965.

44 Robert L. Pfaltzgraff, n. 34, p. 172.

between Britain and the EEC. Thus in 1966 Britain's percentage of exports to the EFTA was 14.6, while to the EEC the figure was 19.0. Similarly the import percentage from EFTA to Britain in 1966 was 14.1 while the same from the EEC was 18.5.⁴⁵

From the above picture of the Commonwealth and EFTA as alternatives to the EEC, it is difficult to avoid the conclusion that by 1966, both the Commonwealth and the EFTA, with their declining value, came to be de-emphasized by the Labourites. "The Labour Government had...recapitulated the Conservative stages on Europe. There had been first the flirtation with Commonwealth and the EFTA alternatives...then the cautious acceptance of conditions and with the political overtones de-emphasized."⁴⁶

In contrast to the dwindling value of the Commonwealth and the EFTA to Britain, the latter's trade with the Common Market increased in the sixties. This happened, it should be noted, in spite of the trade barriers imposed by the EEC on the non-EEC countries. For instance, while Britain's export percentage to EEC was 16.7 per cent in 1961, it was 19.1 in 1966, and while Britain imported 15.4 per cent of goods from EEC in 1961, in 1966 the figure rose to 18.5 per cent.⁴⁷ Now logically

45 Ibid., p. 172.

46 Mériam Camps, European Unification in the Sixties (New York, 1966), p. 194.

47 Robert L. Pfaltzgraff, n. 34, p. 172.

it follows that if the trade could increase with the Common Market even though there were trade barriers, there was every possibility of Britain enjoying larger markets without trade barriers once she joined the Common Market.

On the other hand, by remaining outside the Common Market, Britain had much to lose. With the Commonwealth countries developing trade relations with the EEC, the EFTA failing as an effective alternative, and with the Common Market enjoying largest markets, Britain had to face an international situation where economic constraints against her were growing more powerful, thereby further deteriorating her balance of payments position.

The present community,...is the world's largest trading group. Its imports from the rest of the world rose between 1958 and 1967 by ninety per cent bringing their total value to \$30,800 million: of these over a third came from developing countries. In the same period its total trade - imports and exports - rose from \$32,000 million to \$62,400 million, an increase of ninety-four per cent. If these figures are taken as a yardstick, even the present community is twice as important a factor in world trade as Britain: a situation which does not fit at all with its supposed inward-looking characteristics. 48

Another aspect of this growing 'outward-looking' character of the Common Market was that apart from having the counter-effect of depriving Britain of sizeable markets in the rest of

the world, the practical economic transaction with the EEC posed a danger. The danger was that for the Commonwealth in future, it would be EEC, but not Britain that might constitute largest market.

As far as trade with the Commonwealth is concerned, the Six, which by now import from the overseas Commonwealth about two-thirds as much as Britain does, increased these imports by a quarter between 1962 and 1967, while Commonwealth exports to Britain stagnated; and the allegation that was often heard during the 1961-63 negotiations, that the Community would exclude the manufactures exported by low wage Asian Commonwealth countries, is contradicted by the experience of Hong Kong, whose exports to the Community increased by two and a half times between 1962 and 1967. 49

The growing size of the Common Market's commercial interests, and its effect on the British trade and economy soon convinced the Labour Government of the advantages of joining the Common Market with her wide prospects of growing trade relations. Speaking in Parliament on 16 November 1966, Brown informed the House of the "economic advantages of a market of around 280 million people, potentially a very prosperous one...."⁵⁰

A different aspect of the Common Market was that the valuable economic advice it gave to the internal economies of the member states. Though not supranational in character, the

49 Ibid., p. 155.

50 quoted in Elisabeth Barker, Britain in a Divided Europe 1945-70 (London, 1971), p. 220.

EEC partly under the "Action Programme" (the Medium term economic plan) and partly under Article 108 of the Treaty of Rome gave constant advice to the member countries, particularly between 1962 and 1965.

Italy has been warned against increasing private consumption... France was asked to ease credit for short-term as well as long-term loans; Germany was urged to balance internal supply and demand... None of these recommendations would have been resisted or resented by Britain. The freedom to make wrong economic decisions would, if Britain joined the Six, be marginally curtailed. 51

The above views expressed by a Labour Member of Parliament reflect the general growing view among many Labourites that the 'Five Conditions' were no longer relevant under the changed conditions.

Moreover, the very working of the Common Market in practice came to convince the Labour Government that the EEC was not as rigid in practice as it would appear from the provisions of the Treaty of Rome.

In fact, the existing community does not go nearly far enough in a federal direction. The Common Market, consisting largely of a Customs Union plus a common agricultural policy, is not too strong in economic integration. It is much too weak. 52

51 Roy Hottersley, "Those Five Conditions", Socialist Commentary (London), October 1966, p. 182.

52 John Pinder and Roy Pryce, n. 33, p. 65.

Most importantly, the Common Market crisis of 1965, and the resulting concessions were a victory to the French position that levies on agricultural imports into EEC should not be linked to the strengthening of the country institutions. This firmly convinced the Labour Government that the EEC was not 'supranational' in operation. One of the factors that influenced Wilson's change of mind on Common Market issue might have been the lesson of the 1965 crisis that in its practical working the Common Market was not rigidly adhered to the 'supranational' principle. When Wilson was asked by a Conservative member in the House of Commons on 2 May 1967 as to why he had changed his mind on the Common Market issue, his reasoning was that "my experience of the working of the Community, the actual practical working... renders unfounded the fears and anxieties which I certainly had...based on a literal reading of the Treaty of Rome and the regulations made under it."⁵³ Moreover overtures from friendly members of EEC to Britain gave the same impression that the practical working of the EEC was, in fact, flexible. "Friendly Common Market governments assured the British that the way in which things actually worked inside it was much less rigid and inflexible than might appear from outside it."⁵⁴

However, it should be noted here that Britain strictly maintained a neutral attitude towards the Common Market crisis.

53 Quoted in Elisabeth Barker, n. 50, p. 219.

54 Ibid.

Reportedly, opponents of French policy in the Common Market, in particular Belgium and Germany, asked the British to commit themselves to the Rome Treaty. Britain might not only emerge as the leader of the EEC five, but offer proof of British commitment to an integrated Europe. At the very least she could strengthen the Five in their conflict with France. These views were said to have the support of the US officials, who believed that Britain might be letting a unique and historic moment slip by. 55

Whatever may be the truth in these reports, one thing was certain - that Britain was not inclined to exploit the situation. The main reason seems to be that Britain's, particularly the Labour Party's own conception of loose European political integration was more akin to that of de Gaulle than that of "the Five" which demanded a more thoroughgoing supranational organization.

From the above account of the nature of EEC's practical working, and the views that the Labour leaders expressed on it, it can fairly be concluded that the earlier fears about the Common Market that it was 'inward-looking' or 'supranational' were well disproved.

The continued domestic economic crisis, and the external economic constraints compelled the Labour Cabinet to have an effective recourse from the Commonwealth and EFTA to that of the EEC. One such important proposed alternative was the creation of the NAFTA (North Atlantic Free Trade Area) which would include

the USA, Canada and the EFTA. This proposal was not only rather unrealistic, but under the existing conditions of Anglo-American relationship it failed to carry much weight.

The NAFTA proposal was characteristic because in a free trade area, attempts by the less advanced to set up modern industries are always liable to be nipped in the bud by the strongly established industries of the more advanced. In this sense, the disparity between Britain and America, in terms of income, productivity and capital-intensity, is much greater. Instead of improving the British economy, the reverse might happen, because American industry is so much more powerful and advanced. Moreover:

...in an economic union between the United States, Britain and other small or medium sized countries, policy would be made in Washington. In making policies with its partners in Europe on the other hand, Britain would be among its equals in economic and political strength. British citizens would be reasonably sure that their interests would be given due weight as is proper in a democratic system. 56

On the other hand, politically too, the nature of 'special relationship' weakened much to give a serious thought to the NAFTA proposal. Anglo-American relations under the Wilson-Johnson regimes were much strained, if not very poor. Britain's attitude to American Vietnam policy was disappointing to the US. In June 1966, Wilson clearly dissociated Britain from the

extended American bombing policy. The feeling in the United States was that Britain should, like Australia and New Zealand, have sent a token force to join the Americans.

The British argument was that this would be unsuitable since Britain was the co-chairman of the Geneva Conference and thus committed to a neutral role.... Wilson's attempts to mediate between the United States and North Vietnam were resented; and were regarded, any way, as a gesture designed to placate his own left wing rather than a serious peace-move. 57

Moreover Wilson's decision to leave Aden, and her subsequent decision to withdraw from the whole Persian Gulf area and from the Far East were subjected to strong criticism within the United States. Also British trade with North Vietnam and Cuba, though on a small scale, was a continued source of irritation to America. "On both sides of Atlantic therefore, the 'special relationship' seemed to make less good sense." 58

It was against this background of the strained Anglo-American relations, the NAFTA proposal disappeared as quickly as it was initiated. On the other hand, added to the declining influence of Britain in Western Europe, and the Commonwealth, the strained 'special relationship' added one more minus point to the diplomatic status of Britain.

Now that the major external factors that contributed to the shift in the Labour's stand on the Common Market question

57 Mary Proudfoot, n. 36, p. 208.

58 Ibid., p. 209.

have been considered, it remains to see what role domestic forces such as pressure groups, public opinion, the inner-party controversy over EEC issue played.

Sectional pressure groups normally occupied a formidable political position in the British political system. The Labour Government consistently based its domestic actions on intimate consultations with non-parliamentary groups such as the CBI and TVC.

The Confederation of British Industries (CBI) one of the most important British pressure groups had few reservation to press upon the Government. The CBI leadership held an enthusiastic pro-European attitude, which was especially manifest in the important and highly publicized report the organization issued in December 1966. The most important single CBI announcement was that 90 per cent of some 865 firms saw a "clear and progressive balance of advantage" to British entry and that 70 per cent foresaw an advantage for their firms.⁵⁹ "The report found potential advantages of dynamic growth, technological cooperation, size of market, investment, and competitive stimulus."⁶⁰

The content and fervour of industry's position thus committed it so overwhelmingly to Common Market that the Government had little compulsion to bargain in detail. "On the whole

59 The Guardian, 8 March 1967.

60 Robert J. Lieber, n. 1, p. 269.

the industry was satisfied with Prime Minister's estimate of 300 million eager buyers."⁶¹ On 17 May 1967, the CBI President A.J.S. Brown stated his organization welcomed entry unreservedly and he "advised that companies begin to size up their situation vis-a-vis the community and the actions necessary to ready themselves for entry."⁶²

The second important pressure group, the Trades Union Council (TUC) had never played a powerful role in the prior European deliberations of the Conservative Government, but it was only consulted. However,

during 1962 its (TUC) policy had been more favourable toward Europe than that of the Labour Party, and the ensuing four years had somewhat augmented this attitude. While the trade unions remained divided on the European question, most members of the TUC's Economic Committee saw the European inhibitions as outdated.⁶³

At the start of the new attempt, the TUC claimed an overwhelming majority in favour of entry. The chairman of the TUC, Harry Douglass explained that the Congress saw in Europe an opportunity for a larger exploitable market, and hence less chance of unemployment.⁶⁴ Eventually, despite the fact the TUC's consultations with the Government involved little in the

61 Cynthia W. Frey, n. 6, p. 218.

62 Financial Times (London), 18 May 1967.

63 Robert J. Lieber, n. 1, p. 267.

64 The Times, 14 November 1966.

nature of bargaining, the TUC Economic Committee supported the Common Market application.

A third important pressure group is the National Farmers' Union (NFU). This organization, though it played an intimate role in European policy during 1956-58, during the sixties the NFU encountered a serious erosion of its political position largely due to inner-fighting within the Union. By 1966 however,

larger farmers, younger men, and producers of corn and beef tended to see definite advantages for themselves, should Britain enter the Common Market. Another important change was that G.T. Williams replaced a resolute anti-European, Sir Harold Wooley, as President during the spring of 1966. ⁶⁵

Early in December, the NFU President issued a report claiming that the Union was not opposed to the Treaty of Rome, nor did it seek changes in it, but that it did seek an 'adjustment of the regulations'.⁶⁶ However, the NFU failed to extract any specific pledge from the government, concerning modifications in EEC agricultural regulations.

During the three years following the 1963 debacle, public and elite opinion in Britain became increasingly receptive to the prospect of Common Market entry. By the beginning of 1966, 66 per cent of the public indicated it would approve a government decision to join the Common Market, and throughout the year a consistent two-thirds or more maintained this disposition.⁶⁷

65 Robert J. Lieber, n. 1, p. 266.

66 The Guardian, 2 December 1966.

67 Robert J. Lieber, n. 1, p. 258.

Elite sentiment was even stronger, ranging from 75 per cent to perhaps 90 per cent in favour of entry.⁶⁸ Thus the period preceding his November 1966 announcement, Wilson obtained a highly favourable response for his decision. Such solid approval implied a decided advantage for Wilson in dealing with the Party dissidents and special interests.

As far as the stand of the Labour Party on Common Market issue was concerned, it was still a deeply divided house until 1964, and even after. But a factor of considerable importance warrants serious attention here. The Labour members elected to the Parliament both in the 1964 and 1966 General Election were relatively younger, internationalist in outlook, and more sympathetic towards Common Market entry. Moreover, while the continued efforts of pro-market organizers converted some members after the elections,

...some changed their attitudes for reasons similar to those affecting Wilson: worsening economic problems, the increased independence of Europe, the departure of Adenauer, and the perception of a lack of alternatives which the experience of governing had brought: but above all there was the fact that the Prime Minister himself was opting for Europe. 69

Wilson, with his full grip over the party, could carry a majority of the Parliamentary Labour Party (PLP) members as his own

68 David Calleo, Britain's Future (New York, 1968), p. 202.

69 Robert J. Lieber, n. 1, pp. 251-52.

attitude started moving in favour of the Common Market. Thus by December 1965, Wilson could advise a group of young pro-European MPs that there was no point in their pushing a campaign within the party. The effort could only be decisive, as they would find that things would ultimately go their own way in any case.⁷⁰ In obtaining the party majority, Wilson, no doubt, used all tactics - persuasion, warnings, threats - and in formulating his European policy:

...the Prime Minister had virtually ignored Labour's NEC and the party conference. Only in the fall of 1967, with Government and Parliament already committed, did he seek the endorsement of these bodies. At that time he succeeded in obtaining virtually unconditional support from the NEC, and... the Annual Conference endorsed the Government's Common Market application by a margin of more than two to one.⁷¹

Within the Cabinet, Wilson, like Macmillan, utilized prime ministerial leverage to shape the choice so as to minimize opportunities for successful opposition. While in 1964, Cabinet was not definitely pro-market one, the one that succeeded it in 1966 was largely pro-European. However, once Wilson came to move more seriously towards Europe, he reshuffled the Cabinet, and shifted George Brown from Department of Economic Affairs (DEA) to Foreign Office. Henceforward Wilson in collusion with Brown, a staunch pro-marketeer himself, shaped the European

70 Nora Beloff, Observer (London), 13 October 1966.

71 Robert J. Lieber, n. 1, p. 254.

policy. This does not mean there were no anti-marketeers within the Cabinet. Peart, Castle, Greenwood and Douglas Jay were anti-marketeers. In fact, the last minister, Douglas Jay, was the champion of anti-marketeers within and outside the Cabinet. Wilson finally edged him out in 1967, while the other three resigned in May 1967. When seven parliamentary private secretaries abstained on 10 May 1967 despite three-line whip, Wilson forced their dismissal with relative ease.⁷² Thus the NEC resolution stated on 1 October 1967: "The Labour Party fully supports Britain's application to enter the EEC."⁷³

So far an examination of the various factors - economic and non-economic, domestic and external - that exerted their relative influence on the thinking of the Labour Party on the Common Market issue has been undertaken. At the same time one can hardly fail to get the impression that of all the factors, the economic factor had been the most predominant one that caused a change in Wilson's mind. The recurring balance of payments deficit, declining trade value of the Commonwealth and EFTA, lack of effective alternatives to the EEC, the growing prospects of economic advantages if Britain joined the EEC - all these economic forces were predominant in pulling Wilson towards Europe.

The Prime Minister had started off with a firm belief in the value of continuing

72 Ibid., p. 254.

73 The Times, 2 October 1967.

Britain's peace-keeping role of Suez, to fill a power vacuum, protect Britain's commercial interests, deter the Chinese from aggression, please the United States, and so on. But very soon the view grew that Britain's real interests lay in Europe, not east of Suez or even with the Commonwealth. No doubt economic considerations were of paramount importance in persuading the Government to drop Britain's global role. And economic considerations best explain Mr Wilson's conversion to the policy of entering the European Economic Community. 74

Moreover, the very flexible working of the EEC, and the rising standard of living of the EEC citizens convinced the British people of the economic advantages that might accrue from membership.

Perhaps...the decisive factor for Wilson was that he became intellectually convinced by the arguments showing that Britain sooner or later would have to make a fresh effort to join the Common Market in order to avoid finding itself both economically and politically on the outer fringe of West European affairs, with a static standard of living while standards in the Common Market countries were rising rapidly. 75

On 22 October 1966 the Cabinet discussed European policy at great length. George Brown and Michael Stewart presented a paper that argued the case for entry into the Common Market. "George Brown believed that there was now an open door into the EEC, and moreover that no one would take Britain seriously

74 Mary Proudfoot, n. 36, p. 208.

75 Elisabeth Barker, n. 50, p. 219.

unless she actually applied." ⁷⁶ While some ministers like Douglas Jay, Barbara Castle, Richard Marsh, opposed the paper, some like Richard Crossman and Wedge Wood Benn expressed reservations. "Just before summing up the discussion, Harold Wilson sprang on the Cabinet his own idea - which he had put to George Brown only that same morning - of a tour of the six capitals ⁷⁷ to be made by both of them jointly."

Having put before the Cabinet his own view, Wilson made the dramatic announcement in the Parliament on 10 November 1966. Speaking to the Parliament, Wilson said that the Government had decided,

to embark on a series of discussions with the individual Heads of Government of the Six in order to establish whether it appears likely that essential British and Commonwealth interests should be safeguarded if Britain were to accept the Treaty of Rome. ⁷⁸

Armed with massive party support, public approval, and a parliamentary resolution, Wilson and Brown undertook their exploratory tour to the continent to hold talks with the leaders of the Six during January, February and March of 1967. It was during this trip that Wilson spelt out and popularized the famous "European Technological Community" concept. What really this technological community means, what were its political and economic implications, would be the task of the next chapter to examine.

76 Uwe Kitzinger, n. 15, p. 283.

77 Ibid., p. 284.

78 Quoted in The Times, 11 November 1966.

Chapter IV

WILSON'S CONCEPT OF EUROPEAN TECHNOLOGICAL COMMUNITY

A new dimension was added to the European integration in the second half of 1960s with Wilson's popularization of the idea of a "European Technological Community". The idea was spelt out in a well-defined and serious manner by the Labour Prime Minister, Harold Wilson. The establishment of a "Technological Community" by the European states was the major theme of Wilson's speech at Guildhall in November 1966. It was also an important aspect of Wilson's campaign in the EEC countries for Britain's entry during the early days of 1967. Referring to America's near-monopoly of the strategic growth of industries in Western Europe and calling on them to pool together their scientific and technological resources, Wilson laid down a seven-point "technology plan" on 13 November 1966 at his Guildhall speech. His proposals were:

1. Bilateral talks on computers, electronics, and the civil application of nuclear energy.
2. Multilateral discussions on the same subjects.
3. Co-operation between the CBI (Confederation of British Industry) and their opposite numbers, the employers' associations towards this end.
4. The setting up of a multilateral European Institute to study the areas for action.
5. The creation of 'European' companies.

6. The Board of Trade to examine the field of patents, monopolies, restrictive practices, and company law to fit in with this wider economic integration.

7. The Trades Union Congress to co-operate in further-¹ing these objectives.

Emphasizing the urgency of closing the technological gap between Europe and the United States, Wilson said: "We can create a vast and powerful European technology. The immediate task is to stop the gap from widening. The next step is to narrow it."² Wilson made it clear that while Britain could not accept a technological community as a substitute for membership of the EEC, he felt that efforts to establish 'the essential technological component' of an enlarged community were too urgent to be postponed until after Britain's entry.

During his early 1967 tour of the West European capitals, he laid great emphasis on Britain's entry into the EEC. But in his speech of 22 January 1967, at Strasbourg, his stress on the setting up of the Technological Community became more pronounced. Expressing his reaction against the growing economic domination of Europe by USA, in a rather bitter language, Wilson consistently reiterated one major point: that unless the European states were going to admit Britain as an effective member of the Common Market, Britain would not be able to collaborate with

¹ Quoted in Stuart de Mahotiere, Towards One Europe (Middlesex, 1970), pp. 87-88.

² Ibid., p. 88.

them, with her high technological capability and potentiality, which would greatly contribute to narrow the "technological gap".

The concept of "Technological Community", of course, did not fail to receive favourable response from the European leaders, including de Gaulle. Whatever might have been their individual views on the details of the plan, they were all in agreement with Wilson on one point: the need for an organization, with the scientific-technological participation of European nations in it is essential to counter the growing "technological gap" between America and Europe. Commenting on the impact that Wilson's speech made, The Times said that "it had the warm welcome it deserves from Government and industry, both inside and outside the Common Market."³ Later Wilson also records in his memoirs that he "believes nothing did more than his original proposal⁴ convince Europe that Britain 'meant business'."⁴

Outside his party, at home, Wilson's conviction was sharp and supported by industrial and scientific circles and by many civil servants too. "For Britain it was comforting to believe, as she was encouraged by her industrial and scientific writers to do, that in her application for membership of the EEC she somehow held technological aces or trumps."⁵ But this conviction

³ The Times (London), 15 November 1967.

⁴ Harold Wilson, The Labour Government 1964-70 (London, 1971), p. 300.

⁵ Roger Williams, European Technology: The Politics of Collaboration (London, 1973), p. 28.

was by no means confined to Britain. In the words of a Council of Europe Report, published just a few days after Wilson's Guildhall speech: "To be viable it is doubtful whether a European Technological Community could 'go it alone' without the United Kingdom... One cannot expect the United Kingdom to agree to a European Technological Community unless it also becomes a full member of the EEC."⁶

However, Wilson's concept of Technological Community itself must be viewed within the broader context of the Europe-America economic relationship. For it is only in this background that the real motives of Britain in proposing this plan, and the diplomatic significance of this concept could be analysed. It is for this reason that a proper understanding of the economic relations between the European nations and United States becomes necessary.

"Technological gap" has become a popular aphorism, particularly since the early 1960's to express the nature of economic relationship between USA and her European allies. It is an incontestable fact that in the post-war era, US investment in Western Europe was growing at an astonishing rate. The chief reasons for this trend were: the inability of the European industry to compete with the giant multinational corporations of United States, the global size of these giants with their power to compete with the European goods on world markets, and

6 Quoted in Roger Williams, n. 5, p. 37.

their huge profits that enabled them to reinvest. Moreover, the drain of the European scientists and engineers to USA and the merger of the smaller European firms into the American oligopolies further contributed to the widening economic and technological gap.

The most pronounced expression of this phenomenon is manifested in "Servan-Schreiber's" The American Challenge, which opens with a statement: "Fifteen years from now it is quite possible that the world's greatest third industrial power, just after the United States and Russia, will not be Europe, but American industry in Europe."⁷ In fact, The American Challenge is the first systematic and analytical exposition of sway of US industry over Western Europe. The rich sector-wise statistics that substantiated the books' theme made overwhelmingly glaring to the Europeans the growing economic gap between them and the USA. Moreover, the Europeans were more concerned about the long-term effects of the technological gap and the expanding US industry in Europe. "What disturbs Europeans is not merely the present imbalance of technological power between the United States and Western Europe, but the long-term consequences of America's overall commanding lead in those basic and applied sciences which are constantly producing new technologies of economic and military importance."⁸

7 Servan-Schreiber, The American Challenge (London, 1968), p. 4.

8 Robert Gilpin, France in the Age of the Scientific State (Princeton, 1968), p. 19.

Much of the fears of American domination that are expressed above are not groundless. They are strongly supported by facts. Thus the direct investment by US in Western Europe between 1960 and 1966 increased from \$6.7 billion to \$16.2 billion.⁹ While between 1950 and 1957, US investment in the same region rose by 300 per cent, it was up by another 300 per cent between 1958 and 1965.¹⁰ What is more dreadful to the Europeans is that US investment within USA and the rest of the world is much lower than it is in the European Economic Community. While between 1965 and 1966, the American investment in America itself rose by 17 per cent, and in the rest of the world it increased by 21 per cent, in the EEC the rate of investment went up by 40 per cent, that is, more than twice the rate invested in the USA itself.¹¹ On the other hand, 40 per cent of US direct investment in UK, France and West Germany is owned just by three giants - General Motors, Ford and the Esso.¹² What emerges from these facts is that the US has well exploited the Common Market.

On the other hand, the giant size of American industries, and the world-wide markets they enjoy, the certainty that they

9 Ibid., p. 43.

10 L. Metzemackers, "American Investment in Europe", Common Market (The Hague), no. 15, May 1967, p. 130.

11 Servan-Shreiber, n. 7, p. 9

12 Ernest Mandel, Europe Versus America? (London, 1970), p. 22.

face little competition on world market, and their high profits have tempted the European industrialists to invest not in European business but to invest in American firms. Profit motive coupled with profit guarantee tempted the Europeans to drain away European capital into US corporations. "Nine-tenths of American investment in Europe is financed from European sources. In other words, we pay them to buy us."¹³ The huge American investment thus is the major symptom of imbalance between Europe and America.

Moreover, the net effect of the direct American investment resulted in the direct competition of American industries with the European industries. Operating with the advantage of largely available finance capital, sophisticated technology, greater size, wide markets, and high profits, the American firms dwarfed and absorbed many European firms.

American technological dominance far from being directly political, stimulated was derived essentially from two economic circumstances; the fact that the United States possessed the world's largest homogeneous market, with special governmental needs in advanced technology, and the related fact that she had so many more giant companies than Western Europe, these companies enjoying substantial advantages in terms of the integration of activities, risk-taking in R & D, investment facilities, general leverage, and so on. 14

13 Servan-Shreiber, n. 7, p. 11.

14 Quinn, J.B., "Technological Competition: Europe v. US", Harvard Business Review, vol. 4, July-August 1966, p. 113.

The American competition forced many industrial mergers within West Europe both at national and international levels. Though computers were first manufactured in Britain, the more sophisticated IBM computers invaded the British market in the late 1950s and compelled the smaller British computer companies merge with one another. Out of the merger of the Powers-Samas and Hollerith, the ICT (International Computers and Tabulators) emerged which soon absorbed the computer divisions of the GEC and AEI.

English Electric Leo, which in 1967 formed another computer group linked with the Radio Corporation of America. Yet their mergers failed to challenge the IBM, and in 1968 the ICT finally merged with the English Electric Computers Ltd. But what made the British computers to merge in such a rapid manner in spite of the fact that Britain was the first to produce computers? The answer is the superior technological quality of the IBM computer, its large markets which enabled it to sell even at a loss in Britain, and the high profits that enabled it to improve the technological sophistication still further. Similarly, the three great Italian Chemical Trusts (Edison, Montecatini and the ENI) and the three French steel companies - de Wendel, Sidelor and Mosellane de Siderurgie were compelled to merge together in face of the American competition. The simple truth that emerges from their mergers is that concentration of capital at national level is taking place in face of international competition.

Apart from these mergers, close co-operation between top West European firms has taken place to contain the US competition. For instance, the main French Chemical Company, Rhone Poulenc works in close collaboration with the German Bayer Company. The Swiss Corporation, Brown Boveri and the German Krupp trust agreed to build a nuclear reactor together.

The large amounts of direct investment by the American multinationals gave way to the proliferation of a large number of their subsidiaries. A study of the European Economic Commission revealed that since 1965, 80 per cent of Common Market computer production, 24 per cent of the motor industry, 15 per cent of the synthetic rubber industry, and 10 per cent of the production of petro-chemicals were under the management of American industries.¹⁵ Between 1958 and 1963 over 3,000 American companies either set up subsidiaries in the EEC or gained control over the already existing firms within it.¹⁶ The phenomenal spread of these subsidiaries ultimately led to the absorption of many European firms. The absorption of Machines Bull (of France) and of the electronic computer section of the Italian firm of Olivetti by the American General Electric trust is a case in point. Even the Labour Party which, as the opposition party opposed a US firm acquiring a substantial share in the UK Motor Company, Roots, allowed the same firm to take full

15 Ernest Mandel, n. 3, p. 21.

16 Ibid.

control of it in 1967, when it was in power.

It is this huge capital investment and international concentration of capital that led an economist to forecast that by 1985 only 60 giant corporations would dominate the capitalist world, of which 50 would belong to United States of America.¹⁷ Already as in 1960s more than half of US subsidiaries in Europe belonged to 340 American firms appearing on the list of 500 largest firms in the world.¹⁸

Another aspect of the American predominance over the European economy and of the technological imbalance is "Brain Drain". A large number of the West European scientists and technologists have been migrating to USA. Lured by higher pay and better research conditions, the European brains are crossing their continental boundaries over to USA. Thus between 1956 and 1963 the number of scientists and engineers migrated to US was 1500.¹⁹ In fact more than 50 per cent of the scientists and technologists in the capitalist world belong to United States.²⁰

A study conducted by the British Government on the problem of Brain Drain stated that sheer frustration was the single

17 R. Latters, A Million Dollars (Paris, 1970), p. 64.

18 Servan-Shreiber, n. 7, p. 18.

19 Freeman and Young, The Research and Development Effort in Western Europe, North America and Soviet Union (Paris, 1965), p. 72.

20 Bounkina, "Soviet View of Interimperialist Contradictions at the Present Stage", Call (Delhi), January 1975, p. 13.

biggest motive that prompted her scientists and technical expertise to leave the United Kingdom. It is true that lack of proper research amenities, unattractive salaries, too much formalism and hierarchical relationship within the research institutions are among the major factors compelling the brain drain from Britain. In Layton's words: "Lack of promotion, upper management, opposition to new ideas and methods, unwillingness to embark on bold commercial initiatives to sell new products all play a part in the drain from Britain."²¹

What is applicable to Britain, of course, equally applies to the other West European countries. Making a hypothetical analysis of the direct effect of the European brain drain to USA, Layton says that the loss of 10,000 men trained at the cost of \$55,000 by each country is equivalent to the annual transfer to the United States of an investment of \$500 million.²² Moreover, this brain drain entails a two-fold inverse effect on these countries. Firstly, they contribute greatly to the already advanced technology of United States and secondly the loss of these brains to European countries forces them to pay for the import of knowhow and skills from US. The following table demonstrates the burden on the technological balance of payments as a result of their payments for the American technical know-how.

21 Christopher Layton, European Advanced Technology (London, 1969), p. 19.

22 Ibid., p. 18.

Estimated Technological Balance of Payments
(in millions of dollars) 23

<u>Transactions with United States</u>	<u>Receipts</u>	<u>Payments</u>	<u>Balance</u>
UK 1961	17	86	- 69
France 1962	11	53	- 42
West Germany 1963	10	52	- 42
West Europe (including others)	42	251	-209

Not only the above given reasons encouraged brain drain but also the poor R & D (Research and Development) expenditure by the European states is the main reason. Reluctance of governments to spend and contribute largely to the R & D effort, poor investment in human resources, a system of higher education not much contributory to scientific knowledge and ideas, and the absence of larger corporations to invest heavily on research - these are the manifold factors that drifted the gap between the American and European technology and managerial services far apart.

By comparison with the American model European educational systems were too traditional, too inflexible incapable of fully tapping the intellectual reserves of their respective populations, and lacking in facilities. European students shun the applied sciences, and thus the gap is

undoubtedly related to value system in Western Europe and the United States. 24

Thus while the US annual average R & D expenditure is \$20 billion, it is just £5 billion for West Europe.²⁵ In 1965, the US spent 3.61 per cent of her GNP on R & D, whereas for West Europe the figure was only 2.0 per cent.²⁶ The magnitude of the US spending becomes more amazing when it is learnt that the single IBM's annual research cost is greater than the annual sales of Britain's largest computer firm, the ICT (International Computers and Tabulators).

Given these facts it is not difficult to understand why the technological and managerial gap between America and Europe is so wide and why the US firms raise higher profits over those of their European counterparts. The combined total profits of ten biggest firms in each country, Britain, France and West Germany (30 in all) was \$2 billion, while the total profits of the General Motors alone was \$2.25 billion.²⁷ In terms of per capita production, US technology and management skills raised it by 60 per cent above that of Germany, 70 per cent above France and 80 per cent above that of Britain.²⁸ In the arena of

24 Servan-Schreiber, n. 7, p. 46.

25 R. Pfaltzgraff, The Atlantic Community (London, 1969), p. 77.

26 Robert Gilpin, n. 8, p. 72.

27 Ibid., p. 38.

28 Ibid. p. 38.

management, it may be stated that Europe opened her eyes only recently to the importance of management and management studies. So large is the gap between US and Europe in this field that while in US there are 160 business schools and 24,000 management consultants, Britain has only 3,000 management consultants followed by France with 1,000 and West Germany with 300.²⁹ Robert McNamara, former US Defence Secretary viewed this gap differently. In his view, the gap between Europe and US was not technological but "managerial". Servan-Schreiber almost agrees with him.

The Atlantic gap is not a manifestation of technological failure, in fact, not a technological gap at all. But due instead to managerial disparities between the United States and Europe, and as such an expression of natural comparative advantage in international economic affairs. 30

Such is the nature of the economic gap between United States of America and West Europe. A deep chasm exists between these two continents. Rather it is a chasm that is widening instead of narrowing. The growing interest, the overriding control of Western industry by the US giant firms, the rapid drift of brain drain, and then the widening technological and managerial gap, all these developments have intensified the worst fears of the West European countries. It is this phenomenon that compels the West European countries to think and act

29 Stuart de la Mahotiere, n. 1, p. 137.

30 John Diebold, "Is the Gap Technological?", Foreign Affairs (New York), no. 46, 1967-68, p. 276.

seriously about integration. Integration both in the economic and industrial field to close the gap between themselves and America. And it is against this background of resentment and sensitiveness of the European states to the American economic sway over them that the Technological Community of Harold Wilson needs consideration. Wilson's concept was voicing the mood of European nations. It was not a sheer brainwave of the British Prime Minister.

Many Europeans were already thinking of a strong common scientific and technological collaboration. "Even before this (Guildhall speech) the Italian Foreign Minister, Signor Fanfani had speculated on the desirability of a 'technological Marshall Plan'. General de Gaulle had alerted his own Government to the same question and France had proposed a study by the EEC Commission of industrial and research policies in the Six."³¹ What Wilson proposed was thus an idea, of course, in a succinct and constructive manner which spoke the language of other Europeans. Britain herself might not have been a party to the Common Market when she proposed a common technological community but the British people and also the Europeans knew that Britain's destiny was invariably linked up with Europe's destiny.

On the other hand, Wilson's interest in science and technology fields can be traced back to even before the Labour Party

31 Roger Williams, n. 3, p. 22.

came into power. From the moment Wilson took over from Gait-skill the party's leadership, he set out to identify himself with science and technological reforms. Based on the report submitted by the "Trent Committee on science policy", which was appointed by the Conservative Government to recommend guidelines for reforming the existing science policy of Britain, the Labour Party promised in the 1966 electoral campaigns that a Ministry of Technology would be created. The new Ministry, Ministry of Technology in fact came into existence subsequently as "a new kind of Government department, set up to achieve aims which had³² not previously been the direct objectives of official action."

In terms of practical validity the British Prime Minister's idea was not an exercise in "Platonic" abstraction but it was backed by concrete precedents and facts. For instance, in December 1961, 11 European states, including Britain and France set up the CERN (European Organization for Nuclear Research). This combined effort in nuclear research proved so effective that in Layton's words, "in just over ten years this great enterprise has thus ended the imbalance in high energy physics in the Atlantic world reversing the brain drain in the field, and placing Europe on a par with America and Russia."³³ Another example of such co-operation is the Euratom, though the provisions of this Treaty remain least implemented. Its main objective was to

32 Sunday Times, 22 January 1967.

33 Layton, n. 16, p. 95.

develop a joint research programme financed by common budget and pooling knowledge together. The Euratom envisaged the construction of a big plant, comparable in size to three US plants, but "the snag is that outside Britain and France, no one in Europe at present has the know-how to build and operate such a plant efficiently. Hence the importance of the British contribution."³⁴

Concerning aerospace and telecommunications, the ELDO (Economic Plan Space Vehicles Launcher Development Organization), whose first stage Britain undertook to complete, and the ESRO (European Space Research Organization), to which UK is the largest financial contributor, are the major instances of co-operation.

The Anglo-French Concorde and the Air-Bus Programme between Britain, France and Germany, the Franco-German agreement to produce Tansall, a transport aircraft are the major cooperative efforts in the field of aircraft.

Besides, the other European commercial undertakings of which Britain is a major participant are: the Anglo-French strike aircraft Jagua, the Anglo-French helicopter WH 13, Eurocontrol (European military air traffic control system), the Combat (the International Space Telecommunication System), the Anglo-German fighter Eurojet, the British-German and Dutch project to enrich uranium by ultra-centrifugation and the MCRA-75 multiplepurpose

34 Ibid., p. 116.

jet fighter built jointly by Britain, Italy and West Germany.

But what is substantially lacking in these common efforts is a whole-hearted support and spirit to place the national resources at the disposal of these projects. Unless the nations are ready to overcome their national barriers they cannot hope to compete successfully with the American counterparts. It was to this point that Wilson was trying to turn the attention of European nations. Britain threatened to withdraw from the Concorde project because the project could not face the competition from the Supersonic Transport. Machines Bull and Olivetti could have been saved from the General Electric hands if only Britain was allowed into EEC and the British computer industry the most advanced in West Europe, collaborated with them.

In proposing the "European Technological Community" Wilson was not simply altruistic or naive to the advantage that British participation in such a community would bring. Among the West European countries Britain was technologically the most advanced nation in 1960s, along with the larger size of her companies and her investment potential. She has the greatest number of firms of international scope. Among world's 500 largest firms, Britain was right behind the US with her 55 firms.³⁵ Among firms doing more than \$250 million worth of business a year 8.4 per cent were British in sixties compared to West Germany's 6.3 per cent

35 Servan-Schreiber, n. 7, p. 119.

and France's 33 per cent.³⁶ Also Britain's expenditure on R & D was the largest in West Europe. In 1963-64 she spent 2.3 per cent of her national income when compared to 1.6 per cent by France and 1.4 per cent by West Germany. Yet Britain's R & D effort was only 1/10th of US in terms of money.³⁷

UK has the greatest defence potential among the West European countries but her small size discourages that potential to exploit fruitfully. Britain's nuclear technology was an advanced in its own type of reactor as its American rival. But the small size of her home market and shortcomings in organization and management led to discouraging results. Moreover, "Britain concentrates her efforts on electronics, electrical equipment, nuclear energy and aviation - that is, on those very areas that the European community should be developing to compete with the United States."³⁸

It was these rich potentialities and at the same time the inability of Britain to exploit them singly that Wilson had in mind when he talked about the Technological Community. He certainly thought that with her technological superiority, Britain as a future member in the proposed technological community, would be able to replace, to some extent, if not completely, American superiority and predominance in Western Europe. But this would

36 Ibid., p. 119

37 Layton, n. 16, p. 57.

38 Servan-Schreiber, n. 7, p. 119.

be possible only if Britain entered the Common Market. Secondly, Wilson tried to make a tactical use of his concept of Technological Community in his diplomatic manoeuvres to get into the EEC.

By overplaying the European fears of American ghost and by pandering to their detestation of American domination, Wilson hoped that the technological gap was one major unifying factor that would strengthen the British case to enter the Common Market. In fact, the European Technological Community was skillfully invoked by Wilson to muster strength for his case. It was the major diplomatic gimmick that loomed large in his dialogue and public speeches during his 1967 West European tour. "The challenge America's technology poses to European industry made this a political trump card in Britain's attempt to join the Common Market."³⁹ When Macmillan applied for entry he had nothing tangible to demonstrate the 'Europeanness' of Britain but speak in plain language, but in her second attempt, her Prime Minister, a hard bargainer and pragmatist as he is, invented and applied a new device, the Technological Community, to exhibit the sincerity of Britain's 'Europeanness' and emphasize the advantages of her immediate entry into the Common Market.

39 Layton, n. 16, p. 263.

Chapter V

BRITAIN'S SECOND APPLICATION FOR ENTRY TO EEC AND ITS REJECTION

The exploratory visit of the British Prime Minister and his Foreign Secretary to the continent took place in the first quarter of the year 1967. It is important to emphasize here the 'purpose' of the Wilson-Brown tour. The trip was 'exploratory', in the sense that the British leaders were going on a mission around the capitals of "the Six" member-states of the EEC to probe whether the conditions exist or not to negotiate Britain's entry into the EEC. The purpose of the trip, therefore, in itself was not to negotiate the British entry. It is in this respect that the Labour Government's approach to the question of entry into the Common Market differs from that of the preceding Conservative Government. The Macmillan Government did not think it was necessary to investigate whether political atmosphere on the continent was congenial for its attempt before the negotiations actually started. On the other hand, it consulted the Commonwealth countries instead of "the Six".

The probing mission ranged over a period of about two months starting on 15 January 1967 and ending on 8 March 1967. While it may not be necessary here to analyze the response of each country to the visiting leaders, this much could be said here that, apart from France and West Germany, in the rest of the four capitals the leaders enjoyed favourable response. As both Wilson and Brown subsequently recorded in their memoirs,

they were satisfied with their talks with the heads of the four states. For instance, Wilson notes the impression he had after his talks with the Italian Prime Minister: "It was very clear that Signor Moro, the Prime Minister, strongly supported the British entry and would go to greater lengths to achieve it."¹

But it was the political and economic significance of France and West Germany which demand attention on the reaction of these two countries to the Labour leaders.

The British leaders visited France from 23 to 25 January 1967. It was this visit that was significant in several respects. From their speeches and talks, three most important conclusions could be drawn. First, they argued Britain's case on 'political' grounds emphasizing they 'meant business'. Moreover, Britain's entry would contribute to the strengthening of European unity. Secondly, that economically Britain was not in a weaker position and her sterling commitments would not be a burden on the community after her entry. Lastly, Wilson spelt out, as already discussed, the concept of a "European Technological Community" stressing that the pooling together of European scientific and technological resources was imminent in face of American domination.

Wilson argued that politically united Europe could play a role in international affairs which was no longer open to

¹ Harold Wilson, The Labour Government, 1964-70 (London, 1971), p. 327.

individual nation-states of Western Europe. It was at Strasbourg on 23 January 1967 that Wilson argued this political case. While stressing on the importance of European integration to the Council of Europe, Wilson said:

We mean business. And I am going to say why we mean business... We mean business in a political sense because, over the next one year, the next ten years, the next twenty years, the unity of Europe is going to be forged, and geography and history and interest and sentiment alike demand that we play our part in forging it, and in working it. ²

In fact, Wilson's Strasbourg speech was almost Gaullist in many places. His remarks that "We live in an age of nation states" and that loyalty to the Atlantic alliance "must never equal subservience" ³ closely echoed Gaullist sentiments. What Wilson was attempting was to convince Europe, and in particular the General, to whom he sent a copy of his speech beforehand, that the "special relationship" was compatible with the membership of Common Market. Both could be reconciled without undermining either. But in the process of conveying this view to de Gaulle, it seemed that Wilson was willing to undermine 'special relationship' and even equate US with the USSR. Thus in course of his talks with de Gaulle, Wilson notes:

The task of the great European power - and I instanced France and Britain - was not to

2 Quoted in Uwe Kitzinger, Diplomacy and Persuasion (London, 1973), p. 285.

3 The Times (London), 24 January 1967.

be mere messenger-boys between the two power blocs. We had a bigger role to play - and other nations wanted us to play that role - bigger than waiting merely in the ante-rooms while the United States and Soviet Union settled everything directly between themselves. 4

Having explained his case on political grounds, Wilson turned to another important problem which was discussed at great length in his Paris talks - the sterling problem. Discussion centred upon the sterling balances which the French regarded simply as debts subject to repayment at any time. In course of his talks Wilson gave a seventy-five minute 'exposition' to de Gaulle on the subject, promising that Britain would not land "the Six" in embarrassing financial obligations. Addressing a press conference after the talks, Wilson explained what he told the French President about the sterling problem:

....apart from, of course, our gold and convertible currency reserves, we have assets, second time reserves, on a scale considerably greater than the total of our obligations.... (Moreover) there is not at the moment any suggestion that the banking liabilities and assets should be transferred within the Community. 5

Having listened to Wilson's arguments, the French President refrained himself from making commitment or promise. Rather the General expressed fears of change in EEC's "fundamental character" if enlargement takes place. He offered an "arrangement"

4 Wilson, n. 1, p. 336.

5 Quoted in Geoffrey Warner, "France, Britain and the EEC", The Yearbook of World Affairs 1968 (London), p. 116.

or "association" between the Six and Britain. This offer was, however, declined by Wilson.

Although the talks between the two leaders were inconclusive and failed to produce agreement, Wilson expressed the view that the French had been 'friendly and cordial'. Later when he returned to London, Wilson described his Paris talks:

No relevant question was overlooked or made light of. Our hosts were impressed by our depth of purpose in everything we said and our desire to join the EEC. We did not ask the French Government to answer yes or no, or to put any particular questions to it. 6

Whatever impressions the British leaders might have got from their talks with the French leader, one thing that clearly emerged from the non-committal attitude of de Gaulle was that he still entertained reservations about British entry. Hardly a month back, George Brown, who was in Paris to attend a NATO ministerial meeting, had a meeting with the General. The Foreign Secretary notes in his personal record:

I argued as strongly as I could about all that Britain meant to Europe and the great part that she could play in Europe, but it was very clear that de Gaulle was adamantly against us. 7

Just on the day Wilson left Paris, the French Foreign Affairs Minister, Couve de Murville gave a television interview

6 Quoted in Robert L. Pfaltzgraff, Britain Faces Europe (Philadelphia, 1969), p. 185.

7 George Brown, In My Way (London, 1971), p. 220.

that could enable one to have an insight into the French thinking on the British entry. The French Minister emphasized the very financial difficulties that Wilson sought to explain away. He argued the monetary and economic difficulties that the British entry into the Community might entail, and, concentrated his fire on the problems raised by sterling's role as a "reserve currency", or "non-European currency" as he put it. Coinciding with Wilson's departure from Paris, "it was evident from M. Couve de Murville's guarded statement, that no green light had been given to a possible British application."⁸

The Paris visit of the British leaders was followed by Bonn. But the German visit was complicated by several events of the week preceding. The timing and content of these events caused much diplomatic embarrassment to the visiting team. Britain had been host to the Russian Prime Minister, Alexie Kosygin. The Russian leader, while offering Britain a Friendship Pact with his country, had at the same time used Britain as a platform from which to vilify the Federal Republic. Secondly, George Brown made a statement on the eastern frontier of Germany just before he left for Bonn. Answering a question whether British policy on German reunification had changed to include recognition of the Oder-Neisse line as the eastern frontier of a reunited Germany, Brown replied: "Yes, in a way."⁹ This incident, which

⁸ Lord Gladwyn, De Gaulle's Europe or Why the General Says No (London, 1969), p. 120.

⁹ The Times, 16 February 1967.

received wide coverage in the German press, dampened the atmosphere in which the talks on British Common Market relations were held.

Lastly, while Wilson and Brown were in Bonn, Douglas Jay, the President of the Board of Trade, expounded to a private meeting of the Labour MPs the grave dangers to Britain's balance of payments, were she to join the EEC.

The substance of Jay's criticism was embarrassing at a time when the Government was trying to persuade Bonn that it would benefit from having Britain in the EEC, and at the same time trying not to discuss removing the British army from the Rhine; and yet the President of the Board of Trade saying in effect, that the army cost Britain too much as it was. 10

While it cannot precisely be said what influence the above events had on the British-German talks, it was quite evident that the visiting leaders had a cool response to their case. As Wilson records in his own words:

We got the impression that Dr Kiesinger's approach was very much 'softy, softy Catehee General'. But how softy? Then, and subsequently, we became increasingly convinced that he would never be prepared to press his undoubted conviction that Britain must be admitted to the Six to the point of annoying General de Gaulle. 11

Wilson substantiates his impression by noting that the German

10 Cynthia W. Frey, "Meaning Business - The British Applications to Join the Common Market", Journal of Common Market Studies (London), 1967-68, p. 209.

11 Harold Wilson, n. 1, p. 368.

Chancellor was too oriented towards Paris to improve the Franco-German relations.

Wilson was quite correct in his reasoning. For the Germans were not willing to go to the extent of pressurizing the General since the new German Government headed by Kiesinger was more interested in improving the Franco-German relations that were strained during the period of Erhard, who was supposedly pro-American. Therefore, for all verbal support they had given the British in the past, they were not prepared to sacrifice their new "Ostpolitik" (and the new Chancellor's hopes or settlement with France) to get Britain in.

For another reason also the Germans had reservations about the British entry. With her accession to the Treaty of Rome, strategically speaking, Britain might replace West Germany as the principal French ally in Western Europe. In that case it would be the Franco-British and not the Franco-German alliance that would dominate the community. Moreover:

collaboration in the development of advanced technology, the possibility of creating an Anglo-French nuclear force, and the prospects of agreement on major political issues might lead to a new Franco-British entente, isolating Germany. 13

The exploratory mission to Europe formally ended on 8 March 1967, when Wilson and Brown returned from Luxemburg. Though it is quite clear from the declared purpose of the tour

12 The Observer (London), 19 February 1967.

13 Robert L. Pfaltzgraff, n. 6, p. 187.

that it was only 'exploratory', there is every reason to conclude that by the time they completed their tour, the leaders returned home with the firm conviction of applying for membership. "Gradually our line got firmer and firmer, and by the time we had finished (the tour) we had virtually decided to make our application."¹⁴ Similarly Harold Wilson had become so politically convinced by the time the probe was completed that "no one was in the least surprise when Britain put in a formal and unconditional bid for membership."¹⁵

On 21 March 1967, the Cabinet began a detailed study of the European reactions and domestic implications to the Wilson-Brown talks. During this study, the Cabinet was left with no doubt that the Prime Minister and the Foreign Secretary had already made up their minds to apply. Though there were opponents like the formidable Douglas Jay, Barbara Castle, Fred Peart within the Cabinet it was not a difficult task for the Prime Minister to overwhelm them, and hence reach a decision to apply without any threat of resignation by any Cabinet Minister.

Wilson's and Brown's report to the Cabinet on their European tour was said to have convinced all but the severest of doubters (Jay and Peart) that the EEC would be no threat to Britain's independence and that as a result, by the end of March there was no serious question of a split in the Cabinet. 16

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- 14 George Brown, n. 7, p. 206.
 15 Uwe Kitzinger, n. 2, p. 286.
 16 The Observer, 16 March 1967.

Having obtained the approval of the whole Cabinet, the Government now turned its attention to thwart any attempt, both at governmental and party level, that might prejudice the impending application for membership. Thus a White Paper on problems which would face the British trade if Britain entered the EEC (which was prepared by Douglas Jay) was held up during the summer of 1967 as negotiations would not get underway until the
17
autumn.

At party level, the Prime Minister adopted a stiff attitude to prevent any crisis that would prejudice the negotiations. He made it clear in mid-March that the Parliamentary Labour Party (PLP) would take no vote on an EEC application. The MPs would be 'consulted' (rather than informed). At another meeting of the PLP, Wilson said that although Britain was a loyal ally of the United States and sought friendly relations with Soviet Union, it could not accept the idea that all great issues should be settled by these two superpowers "because we in Europe are not sufficiently powerful, economically and therefore politically, to make...our own influence felt."¹⁸ This, he said, was the broad philosophy underlying the Government's approach. Though the hardliners remained unmoved, the parliamentary Party as a whole was rallied.

17 The Financial Times (London), 13 July 1967.

18 Quoted in Elisabeth Barker, Britain in a Divided Europe, 1951-70 (London, 1971), p. 226.

After obtaining the approval of the Cabinet, and of the Parliamentary Labour Party, Wilson declared on 2 May 1967, in the Commons that the Government had

decided to make an application under Article 237 of the Treaty of Rome for membership of the European Economic Community and parallel application for membership of the European Coal and Steel Community and Euratom. 19

In presenting the application to Parliament Wilson emphasized, as he emphasized during his recent tour, that decision to apply was overridingly political:

The Government's purpose derives, above all, from our recognition that Europe is now faced with the opportunity of a great move forward in political unity and that we can - and indeed we must - play our full part in it... This is a historic decision which would well determine the future of Britain, of Europe, and, indeed, of the world, for decades to come. 20

At the same time, the Prime Minister did not forget to emphasize the economic advantages that would accrue to Britain, and the scientific and technological collaboration that would be promoted by Britain's entry. Thus he spoke of:

The long-term potential for Europe, and therefore for Britain, of the creation of a single market of approaching 300 million people, with all the scope and incentive which this will provide for British industry, and the enormous

19 UK, Commons, Parliamentary Debates, vol. 746, cols. 313-14.

20 Ibid. Col. 747.

possibilities which an integrated strategy for technology, on a truly continental scale, can create.... 21

The Wilson Government's decision, discussed by the House from 8 to 10 May received one of the largest majorities that a Bill ever received - by 482 to 62 votes.

By this time the arguments in favour of Britain joining the EEC were becoming reasonably familiar and sounded convincing to many people. Moreover, the 1967 forecasts of the economic effect on British food prices and balance of payments were much less alarming. For the moment, the prospect of a French veto did not loom very large.

However, de Gaulle gave a press conference on 16 May 1967 full of warnings and gloomy predictions. It was at this conference, the General put in what came to be called his 'velvet veto' on the British attempt to enter the EEC second time. "...There is no question of a veto, and there has never been one", so said the General. But then he continued that Britain must undergo a "profound transformation" before she joins the Community, and there would be "destructive upheavals" within the Community if she joins before such transformation. But the General's main concern was the economic weakness of Britain and her sterling problem:

While one does not despair of the pound holding its own...it will be a long time

before one is certain about this... Parity and monetary solidarity are essential conditions of the Common Market and could not possibly be extended to our neighbours across the Channel unless some day the pound sterling shows itself in a completely new position. 22

What, in short, the General meant was that the sterling must cease to be a world trading and reserve currency before Britain could join. The alternative to admitting Britain as member by de Gaulle was either some sort of associate membership with the EEC, or to wait until she achieved profound economic and political transformation.

From the General's statement what becomes obvious is that the old struggle between France and Britain was still continuing. And it became evident from the French President's latest speech that he had not made any change in his national strategy about Europe and the role France should play in it. De Gaulle's frank statement that British entry would 'completely overthrow the equilibrium' within the EEC, which would, in effect, take away from France one of its principal reasons for being part of it, explains in no uncertain terms that France still wants to retain her dominant position within the EEC. "A threadbare rationalisation...a strictly personal veto, motivated above all by an old man's conservative objection to any disturbance of things as they are."²³

22 Quoted in Elisabeth Barker, n. 18, p. 227.

23 The Economist (London), 20 May 1967.

The British reaction to the General's speech, as Wilson put it, "We will not take no for an answer". Wilson rejected associate-membership on the ground that it would lay obligations on Britain without giving it any share in the decisions which would shape the future of the European community.

On 18 June 1967 Wilson visited de Gaulle for the second time. He had told the General why the British did not believe that any of the problems were insoluble and that why he did not intend to take 'no' for an answer. He once again talked about technological cooperation. However on his return he informed the Parliament that he did not want to suggest that de Gaulle was more enthusiastic about British entry than before. "The meeting clearly left de Gaulle unmoved, except that he may have begun to think that given the Labour Government's doggedness and drive, it might be a mistake even to allow negotiations to²⁴ begin."

The battle over the British application started at the end of May, when "the Six" held a summit meeting in Rome. De Gaulle demanded that the Six must first hold, 'profound and prolonged' discussions on the general problems which would be raised by the enlargement of the Community. None of the Five accepted the French argument, for the Rome Treaty said explicitly that the Community should be open to other European countries. But there was no way of opening negotiations with Britain, unless

24 Elisabeth Barker, n. 18, p. 228.

and until the French agreed to it. There was a prolonged argument on this issue between "the Five" and France. The Six at last reached a compromise, when, on 26 June 1967, they agreed that the EEC Commission should prepare a report on the British application. It may be noted here that a suggestion that the British Government be invited to make an opening statement to set out its negotiating position was vetoed by Courve de Murville. He even forbade the Commission to have any contact with the British during the preparation of report. Thus it is quite clear that the French tried all they could to stall negotiations on British entry.

This was the situation when George Brown presented the British case before the Western European Union (WEU) on 4 July 1967. In fact, this itself was a sheer diplomatic tact. When Brown was invited to open a debate on European economy, which was attended by the members of the EEC Commission, he made use of this opportunity to put forward the British application, taking enough care to prevent the French objection to it. Brown's speech contained fifty paragraphs, of which the first forty-nine were all about the British reasons for entry into the EEC, while the fiftieth said:

I hope that the statement which I have made to you this afternoon will help the community in its consideration of our application and enable negotiations to open as soon as the opinion of the Commission has been given.... I am, therefore, formally conveying the text of my statement

to you, Herr Brandt, as Chairman of the single Council of Ministers of the European Communities. 25

When the debate was opened the Foreign Secretary delivered the first forty-nine paragraphs of his speech. Since the opener of the debate by custom is invited to have the last word, Brown delivered the fiftieth paragraph of his speech in the following manner:

...when I was called upon to wind up I delivered the 50th paragraph containing the formal conveyance of our application, and I duly handed the full text of all 50 paragraphs...to the chairman and the president, Jean Louis Rey. Herr Brandt, the Chairman, was, of course, well disposed to us, so our formal application was in before the French realized what was happening. 26

Even after Brown was able to place the British application before the EEC Commission, the French still tried to prevent it from further consideration. Andre Bettencourt, the Deputy French Foreign Minister, attempted to prevent the statement from being 'accepted by the Community institutions, but Joseph Luns, the Dutch Foreign Minister and Chairman of the meeting, handed copies of the statement to Willy Brandt (the current Chairman of the Council of Ministers of "the Six") and to Jean Rey (the new President of the merged Commission) and announced that the statement had therefore been 'accepted' by the Community.

The Brussels' Commission, charged with the task of

25 George Brown, n. 7, p. 221.

26 Ibid., p. 222.

reporting on problems arising out of new applicants to the EEC, presented its report to the EEC Council of Ministers on 29 September 1967. The Commission unanimously recommended to the ministers that negotiations with Britain and other applicants should be started immediately. "Unquestionably", the report said, "the Community must accept certain risks where an undertaking of this importance, the achievement of European unification, is to be attempted."²⁷

So far so good. But the chapter on economic questions, which had been prepared under the supervision of Raymond Barre, a Gaullist professor, brought out a very poor picture of British economy and the position of the sterling. The Commission argued that it would be hard to see how, after Britain's entry, sterling could continue to hold a position in the international monetary system different from that of the currencies of other member countries. It broadly hinted that the pound ought to be devalued. In short, the Commission served those major economic risks which the French had been harping upon so long. In effect, the Commission's report, as far as the economic aspect was concerned, seemed to provide de Gaulle a well-argued case to justify his rejection of British application a little later.

With all the authority of its (comparatively) independent position as a community institution, the Commission had provided an endorsement of all the French Government's economic

²⁷ Quoted in Elisabeth Barker, n. 18, p. 229.

objections to British membership, and a cast-iron pretext for de Gaulle to pronounce his veto. 28

The Commission's views on the scientific and technological collaboration, which argument Wilson so enthusiastically put forward to the European leaders, was equally discouraging.

It cut across the basic argument put forward by Wilson that Britain's entry into Europe would help bridge the 'technological gap between Western Europe and the US. The report pointed that many of the British research programmes were not only duplication of the European effort, but were also 'expensive and unproductive undertakings'. 29

The overall effect of the Commission's report was that though on political level, it favoured negotiations for entry, its economic analysis virtually amounted to the denial of the first aspect.

During October, the Common Market Ministers met twice. The French argued that the Community should settle its own internal problems before admitting new members, and that negotiations with Britain should not start until her balance of payments position was stabilized. On the other hand, Italy and three Benelux countries pressed for an earlier opening of negotiations, while West Germany adopted a cautious approach towards the problem.

While the wrangle within the Community was going on the

28 Ian Davidson, Britain and the Making of Europe (London, 1971), p. 64.

29 H.S. Chopra, De Gaulle and European Unity (New Delhi, 1974), p. 208.

question of starting negotiations, the British people experienced one of the severest monetary crisis, culminating in the devaluation of the pound. On 18 November 1967 the pound was devalued by 14.3 per cent. The British Government entertained the idea that by devaluing the pound it would be able to satisfy one of the French conditions, that is, stabilizing the balance of payments. But it had, in fact, the counter effect. Devaluation gave the French President the immediate reason for rejecting the British entry as the Nassau agreement had done four years earlier.

It was on 27 November 1967, nine days after devaluation, that the General used his "velvet veto" in its nakedness. He rejected the Labour Government's attempt to enter the EEC for the second time at a press conference. While reiterating the objections to entry that he raised in 1963, de Gaulle this time concentrated on economic, and particularly on monetary affairs. Aided by the Brussels Commission's report and the recent pound devaluation, de Gaulle made a vindictive attack on the weak position of British economy and its pound, and hence her inability to join the Common Market.

The Common Market is incompatible with Great Britain's economy as it stands, in which the chronic balance of payments deficit is proof of its permanent imbalance and which...involves factors which that country could not alter without modifying its own nature.... The Common Market is further incompatible with the state of sterling, as once

again highlighted by the devaluation, together with the loans that have preceded and are accompanying it.... 30

In addition to the economic objections, de Gaulle pointed out the lack of a European outlook on the part of Britain on issues of major international importance.

In his estimation Britain did not yet place primary emphasis on European interests, since the British retained the special relationship with the United States, as well as special commitments in various parts of the world which distinguish them from the continents. 31

Here, undoubtedly, the General had in mind the British opposition to the EEC policy at the time of "the Kennedy Round Trade negotiations" in Geneva, the continued British presence in the East of Suez, and London's support for the US policy in Vietnam. Similarly, the eagerness of the British Government for the Non-Proliferation Treaty, the similarity between the British and American policies in contrast to the French policy during the Arab-Israeli war in 1967, did not enhance Britain's prospect of fulfilling the Gaullist criteria for entry.

On the other hand, de Gaulle's own economic and diplomatic position was much stronger than it was in 1963. The eagerness of the West German Government to maintain closer relations with France and improved Franco-Russian relationship added more weight to France's existing dominant position on the Continent.

30 Quoted in Uwe Kitzinger, n. 2, p. 38.

31 Robert L. Pfaltzgraff, n. 6, p. 197.

What means, whether political or economic, do the Federal Republic and the other four Governments have at their disposal to dissuade de Gaulle from using his veto? There are precious few of them... He has turned his back on integration through NATO, paid a visit to Moscow, won his battle for a common agricultural policy in Brussels, and at the same time chipped the wings of supranationalism in the EEC. 32

Once again it was clear from the General's 'second veto' that he was well determined to sustain the status quo on the continent. A close reading of de Gaulle's veto speech would hardly leave one without doubt that the General's reasoning against British entry was entirely political, and that Britain did not fit in his European framework.

The simple fact that the detested Brussels Commission had reported that in spite of the admitted economic and financial difficulties, negotiations for British entry should certainly be begun, as well as the fact that this was the evident wish of France's five partners, made it abundantly clear that the French attitude was entirely arbitrary. As with the Caesar, Reason had been subordinated to will.... 33

Yet, the second veto differed in two ways from the first. It was, as already pointed out, explained on economic reasoning. Secondly, the British people could sense this time, at least after the May 16 speech of the French President that a possible rejection of the British Government's effort to enter for the second time could not be ruled out. The subsequent French opposition to the consideration of the entry application by the

32 Geoffrey Warner, n. 5, p. 121.

33 Lord Gladwyn, n. 8, p. 124.

Commission, the frequent adverse statements by the French Foreign Minister, with the full knowledge of the General, did not surprise them greatly when the second veto was applied.

The Labour Government, as if prepared for the onslaught, remained firmly stuck to its stand. In response to the French strategy, the Wilson Government was to present Common Market membership as inevitable to suggest that although Britain's entry could be delayed, the British could not be permanently excluded. The British were determined to make a success of negotiations and according to Wilson, to "carry them forward as quickly as lies within our power."³⁴ Wilson's speech in the House of Commons was a restrained one without involving much attack on the French action. The only one most critical remark that he made was about de Gaulle referring to the latter's "misstatements of fact or wrong deductions, based on a rather out-of-date approach." He concluded his speech by declaring that "the great debate will continue, not only in Britain, but throughout Europe."³⁵ On 20 December 1967, George Brown told the House of Commons that the Government would now enter into consultations with those five members of EEC who supported the opening of negotiations.

One rather predictable consequence of the French veto was that controversy flared up between "the Five" and France within

34 UK, Commons, Parliamentary Debates, vol. 746, col. 1096.

35 Ibid., col. 1097.

the West European Union (WEU). The Five, though not actually prepared for any severe action against the French exhibited a defiant mood. Thus on 21 October 1968, the Five put forward a plan for cooperation in foreign and defence policy, and technology and monetary affairs with Britain, despite the French opposition. Again at a WEU Council meeting in Luxemburg in early February 1969, Britain and the Five agreed to an Italian proposal that before taking decisions on certain foreign policy questions, the governments would consult together through WEU. This too was opposed by the French. Yet the Five continued to hold meetings with the British Government. This policy on the part of the Five partners irked the French Government very much, and it eventually boycotted the WEU meetings, though it did not withdraw from the WEU altogether.

Meanwhile, there was convergence of certain developments both inside and outside France. The importance of these developments, apart from being international in character, seemed to effect a major political change within Western Europe. More great was their importance, because under their spell, the strategic thinking of General de Gaulle so far as Western Europe was concerned, underwent a discernible transformation for the first time in the post-world war period.

Undeniably, most important of these developments was the "May Revolution" of 1968 in France. What was initially a relatively mild student protest movement turned into an uncontrollable

industrial uprising, due to a rather mishandling of the situation. For the first time the Fifth Republic of France witnessed a severe challenge to the indomitable political authority of General de Gaulle. In face of the large-scale industrial strikes, the General had to concede some of the major economic demands of the workers, which in effect meant a major burden on the exchequer. Another effect of this internal political crisis was that there was a large outflow of French currency which was converted into gold or other foreign currency.

The immediate result of the flare-up was that a vast number of Frenchmen, both big businessmen and private individuals, reacted exactly as they had done during France's many previous upheavals, by taking their money out of the country and changing it into foreign currency or gold across the frontier.... In June the French Government borrowed the \$885 million from the I.M.F. and in July it negotiated a \$1,300 million credits with a group of foreign central banks. Thus instead of being a fully autonomous agent on the international scene General de Gaulle was now, for the first time in ten years, to some extent at the will of his European partners - and of the Americans. 36
(Emphasis added)

Thus the two-fold effect of the "May Revolution" was that while severely undermining the political authority of the Gaullist regime, it also, with its economic consequences, compelled the General to seek the favour of foreign governments.

Another indirect international effect of the "May

"Revolution" was the world currency crisis. With the fall of the French reserves from \$6.9 billion to \$4.00 billion and with the rise in the German reserves, caused by the conversion of Francs into Deutschmarks, from \$8.5 billion to \$10.9 billion between April and November 1968, there was a severe monetary crisis not only between these two countries, but an international crisis.³⁷

To resolve the crisis, from November 20-22, the "Group of Ten" met at Bonn. Initially there was pressure on Germans by the Anglo-Saxons and France - a rare coincidence of interests of these three powers against Germany in the post-war period - to revalue the mark. With Germany's refusal, the pressure was turned on France. But France refused to devalue her franc. The French Government, two days later, received an assurance of support from President Johnson, and a \$2 billion of credit by the "Group of Ten", restored the Franc to its 1958 parity. A major lesson that de Gaulle learnt here was the reverse roles played Germany on one hand and the Anglo-Saxons on the other. "The change of front forced upon the General by economic circumstances was significant. His irritation with the Germans was scarcely veiled. His dependence on the Anglo-Saxons was also difficult to hide."³⁸

What seemed to be more striking from the Bonn meeting was its political implications rather than its economic consequences.

37 Uwe Kitzinger, n. 2, p. 44.

38 Ibid.

The Germans, for the first time, in the post-war period made the General aware of the fact that they could stand up not only against de Gaulle, but against the West itself including the United States of America. This in fact was the manifestation of the growing economic strength of Germany that instilled in her a new awareness of her personality and assertion of her diplomatic strength. If today she could resist the pressure of the whole West, what guarantee was there that tomorrow she would not oppose the French within the EEC itself?

For ten years he had had little difficulty in mesmerizing, blackmailing or cajoling successive German Chancellors into accepting his leadership of Europe, and there can be little doubt that of all his diplomatic objectives the subordination of Germany to France was by far most important. Now that for the first time the Germans had thrown off the French yoke... De Gaulle could still surprise the world, and he could blame the troubles of franc on the forces of 'odious speculation, but he could not conceal the fact that France's position was now seriously weakened. 39

A different but equally important political implication of the monetary crisis was the support given to Franc by the US to stabilize the French currency's parity. It is not suggested here that a single friendly gesture by the US to France had brought about a change in the latter's attitude towards the former. But a combination of this overture with a later development did relax de Gaulle's rigid attitude towards America. On

31 March 1968, President Johnson announced an end to the bombing of North Vietnam. By the end of October all bombing was stopped and the National Liberation Front was accepted to take part in peace talks. Now the image of a militarist and imperialist USA was beginning to look less convincing to de Gaulle.

The Soviet invasion of Czechoslovakia on 20 August 1968 was another dramatic development^{that} frustrated the very concept of de Gaulle's "Europe from Atlantic to Urals". Apart from the domestic troubles and international crises, developments within the EEC pointed to the growing resistance to the will of de Gaulle.

On 15 January 1969, the Benelux countries announced what came to be called the "Benelux Plan". The content of the Plan was that European countries including those outside the community should embark on regular consultations on foreign policy. Any country which took part would have to undertake always to consult its partners before taking foreign policy decisions, though it would not be obliged to fall in line with their views. There was no question of unanimity, or majority voting, no supranationality, no link with the Rome Treaty or the Community. In this sense the "Benelux Plan" was both vague and innocuous. The plan received the full support of Britain, followed by Norway, Denmark and Sweden.

But more than the content of the plan, it was the spirit

40 Robert L. Pfaltzgraff, n. 6, p. 237.

behind it. It was a united action of three EEC members - smaller though they may be in terms of power - seeking extra-EEC arrangements. What was important was not whether the plan would in fact, materialize or not, but the very sponsoring of the plan by three EEC members, given the timing of its proposition, rather signified their reaction against the known policy of France. These countries were tired of finding that their loyalty to the rules of the Community was repeatedly used against them, and they were now thinking on lines of forming a group which would rise above the EEC. Though Italy and Germany did not throw their weight in favour of the plan, they at least came to be convinced that the Community could no longer be subjected to the domination of one or two states. This was almost explicit in the statements of the West German Chancellor. "Willy Brandt...pointed out that there was no hope of political cooperation in Europe until the enlargement of the Community had been agreed. France and Germany, he said, are no substitute for the Community."⁴¹

Shaken by internal crisis, both political and monetary, faced with mounting disillusionment with his policies within the EEC, and undergoing a change in his own image of the roles of superpowers, General de Gaulle was compelled to reconsider seriously the prolonged validity of his political strategy.

...by February 1969 de Gaulle's thinking
on his world political strategy had changed

41 Ian Davidson, n. 28, p. 72.

substantially, as had his feelings on one of the two Anglo-Saxon powers whom he had in military, in monetary in economic and in diplomatic ways been so anxious to oppose. 42

It was against this background of the developments that exerted an influence over the General's review of his political strategy, there took place in February 1969 the so-called "Soames Affair". Much had been written, interpreted and reinterpreted, to get to the precise meaning of this affair. Yet its implications still remain conflicting and ambiguous.

On 4 February 1969, on de Gaulle's invitation, the British ambassador to France, Christopher Soames had about a two-hour talk with the French President. After the meeting with the President, the ambassador sent a full account of the talks to London, only after checking up that account with the French Foreign Minister, Michel Debre.

According to Soames, de Gaulle was apparently proposing a massive reorganization of the European scene. The European Community would be dissolved in a looser and wider European Free Trade Area including Britain, the Six and other countries, without any of the supranational implications of the Rome Treaty. The North Atlantic Treaty Organization would be disbanded. And the new Europe would be ruled by an inner club of the four big countries - France, Britain, Germany and Italy. The General also

42 Uwe Kitzinger, n. 2, p. 43.

suggested that there ought to be talks on monetary, economic, political and defence questions, and told Soames that if Britain were to ask for talks along these lines. The authenticity of this account, which was by no means doubted, once checked up with the French Foreign Minister, was further established by Couve de Murville's own recording of this account in his memoirs.

For de Gaulle, if Britain with her followers entered the Community, the latter would be radically transformed and become a free trade area with arrangements for trade in farm products. That might not nevertheless be such a bad thing. The two governments could talk about it, but on condition they also discussed the resulting political association in which the four principal partners, France, Britain, Germany and Italy, would necessarily play a key role....if one day there were a truly independent Europe, then there would no longer be any need for a NATO as such, with America's preponderance and her commanding position in it. 43

With the full account of the de Gaulle-Soames talks in its hands, the Foreign Office, now headed by Michael Stewart, handled the issue with two interpretations: that the French President, now in the mood of reviewing his strategy, might sincerely be wanting to prevent a complete estrangement of relations with Britain, and perhaps beginning to want an understanding with Britain, partly as a counterweight to the dominant economic position of West Germany; or, it might simply be a device by de Gaulle to drive a wedge between "the Five" and Britain and enable France to break out of the isolation in which she found herself in Western Europe.

43 Quoted in Uwe Kitzinger, n. 2, pp. 46-47.

Two days after the de Gaulle-Soames meeting, Britain replied to France expressing her readiness for Franco-British talks, provided that other members of the Community were also kept informed of this. The reply noted that Britain did not share the French view of NATO. De Gaulle was not happy with this reply.

Meanwhile, Wilson, who was on a visit to West Germany, was advised by the Foreign Office to reveal the affair to Keisinger, which he did. Other WEU members were also informed of it before the French Government had been told of British interests. Then the Foreign Office also made public the summary of account given by Soames. The next day the French Government protested against the British action, described it as 'diplomatic terrorism' and deliberate distortion.

The Labour Government was criticized both in the press and the House of Commons for handling the affair clumsily and offending de Gaulle unnecessarily. In his memoirs, Wilson has lamented that he was "unwillingly manoeuvred by the Foreign Office, but other evidence suggests that he could not make up his own mind what to do...."⁴⁴

Just what de Gaulle aimed at by this affair still remains unsettled. Did he really want a restructured Europe in which Britain would have a role to play at par with France, or did he

44 Ian Davidson, n. 28, pp. 99-100.

mean it only as a diplomatic gambit to reassert his waning influence on the continent? "Did de Gaulle - or did he not - start steering French policy into the curve which finally led to the Treaty of Accession?"⁴⁵

The controversy created by the "Soames Affair" was soon overshadowed by de Gaulle's retirement from the French political scene on 27 April 1969. In June 1969, Pompidou, a Gaullist succeeded de Gaulle as the French President.

On 10 July 1969, Pompidou proposed that the Six should hold a summit meeting of heads of state to discuss the 'completion', the 'deepening' and 'if it took place' the enlargement⁴⁶ of the Community. What did the French President mean by 'completion' and 'deepening'? By 'completion', the President meant completion of the Community's agricultural policy and its financing rules. And by deepening he meant any other extension of the Community's common policies that might occur to him in the meanwhile. Then what about 'enlargement'? only after 'completion' and 'deepening' of the Community.

Now it was quite evident from Pompidou's statement that he was in no haste in regard to the 'enlargement' of the Community. To him, the 'completion' must precede the 'enlargement'. In plain words, when the enlargement takes place, the newly admitted members must be bound by the common agricultural policy of the

45 Uwe Kitzinger, n. 2, p. 57.

46 The Times, 11 July 1969.

Community. They should have, so that, a fresh opportunity to negotiate a new policy at the time of enlargement.

On 1 December 1969, the Summit meeting of "the Six" was held at the Hague, at which British membership was to be discussed. The meeting was dominated by the personality of Willy Brandt, the new Social Democrat German Chancellor, who was more enthusiastic than Kiesinger in support of British entry. "The Six" agreed that preparatory work for the opening of negotiations with Britain and the other three applications should be completed as quickly as possible. However, France scored a major point here: that negotiations with Britain could not start until "the Six" had settled the two issues - common agricultural policy and community finance.

It was within short span of time that "the Six could obtain agreement on the above twin issues. The substance of the agreement was:

There were to be transitional arrangements for the period 1970 to 1974; from 1975 onwards, all levies on agricultural imports from outside the community were to be paid over directly to the Community Fund, together with all customs duties and a certain proportion of value added tax. The Fund would be used to finance the agricultural system and also for certain other purposes.... The existing system by which the member-states made contributions on the basis of agreed fixed percentage would cease completely. 47

47 The Financial Times, 30 December 1969.

Without examining here the effect of the Community's agreement on the member-states, it would be better here to undertake what would be its effects on Britain, a non-member.

The agreement meant that Britain, once she becomes a member, could no more raise levies for her imports on percentage basis, but on the basis of the quantity of her imports. Since Britain is the largest food importer, naturally she had to pay more for her levies - which amounts to largest contribution to Community Fund. Even if the Community Fund could be defended on the ground that its largest percentage would be spent on modernization of her agricultural system, then also the argument cannot sustain itself. For Britain had a very smaller agricultural population, while French agricultural population was quite large when compared to Britain's. Moreover, British agriculture was relatively more efficient and modernized when compared to the French. Obviously, the largest "beneficiary would be France, and Britain the heavy sufferer."

In plain terms, the Community Agreement on farm policy and finance made it "much more difficult for Britain to request, or be granted, special concessions over its contribution to the agricultural system."⁴⁸ With this agreement in hand, France could face Britain in a powerful bargaining position. Pompidou might have readily agreed to remove the veto, but having obtained

48 Elisabeth Barker, n. 8, p. 241.

his interests within the Community structure, he was offering Britain a Hobson's choice.

The probability of an outright veto was thus reduced. But that still left open the choice between two very different negotiating strategies: one that could have come close to blocking entry de facto, insisting on terms so stiff that the British would give up themselves, and the other that of actually having them in. 49

The contents of the EEC agreement on farm and finance had the predictable effect of dampening the spirits of the Labour Government. Ever since the Wilson Government stepped up its European momentum, it took greater pains to convince the British public that Britain once entered, could somehow be able to try to reduce the burden imposed by the Common Agricultural Policy (CAP). It could also explain off that the industrial benefits of entry could more than balance the disadvantages of the CAP. But how could the Government predict that the new wholesome agreement would precede her entry.

However, since at the 1969 party conference the Labour leaders pledged to issue a White Paper on the EEC issue, they felt obliged to come out with it in February 1970. The White Paper, approved by the whole Cabinet, promised "the Government will enter into negotiations resolutely with good faith." The latest White Paper lacked that spirit of the one the Government

gave in 1967. In 1967, the White Paper forecast a 10 to 14 per cent rise in food prices, while the 1970 paper predicted the full application of the CAP would raise food prices between 10 to 25 per cent. While the 1967 Paper put the burden on balance of payments between £175 to £250 million, the figure for 1970 was put at the upper limit of £1100 million.⁵⁰ The rest of the Paper contained the familiar arguments of long benefits to industry and also of political benefits of entry.

By the time Wilson called for a general election on 18 June 1970, public apathy to the Common Market was already conspicuous. The Common Market issue itself mattered little in the election campaigns of both the major parties. The election manifesto of the Labour Party spoke familiar words of protecting the essential conditions, but it also included one cautious note:

We have applied for membership of the European Economic Community and negotiations are due to start in few weeks' time. These will be pressed with determination with the purpose of joining an enlarged community provided that British and essential Commonwealth interests can be safeguarded.

....if satisfactory terms cannot be secured in the negotiations Britain will be able to stand on her own feet outside the Community. 51

50 The Economist, March 1970.

51 Labour Party, Now Britain's strong, Let's Make It Great to Live in, Manifesto for the 1970 General Election (London, 1970), p. 28.

Whether Britain would have been able to stand on her own under a Labour Government, should the negotiating terms turned out unsatisfactory, depended on the result of election. An adverse vote for the Labour Government, resulting in its replacement by the Conservative Government in June 1970, brought the five and half year old Labour movement towards Europe to an end.

of solidarity among working classes in Europe. Adherence to socialist foreign policy naturally influenced the Labour Party to view the European unity movement and the Conservative Governments such as those led by the Christian Democrats of the continental states with suspicion. This suspicious outlook certainly was one of the important initial factors that led the Labour to oppose the continental enthusiasm for European unity.

In the aftermath of the Second World War the so-called 'socialist foreign policy', proved to be impracticable. Confrontation with the stark realities of international politics, experience in government, post-war developments in Europe, Britain's own economic and military capabilities, her Commonwealth commitments, and above all the deeply ingrained national habits compelled the Labour leaders to reinterpret their "socialist foreign policy".

This reinterpretation of "socialist foreign policy" had its logical impact. 'National sovereignty' and 'national interest' which were earlier denounced as outworn shibboleths of a capitalist class were pursued with equal thoroughness.

Whether it was the Labour's opposition to the "federal attempt" in Council of Europe, or to the single unified "European Army" or the Schuman Plan - all these were opposed largely because the Labour Government was unwilling to shed any amount of national sovereignty. The initial opposition to the EEC also could be explained to a large extent on this ground.

Chapter VI

CONCLUSION

The post-war history of British Labour Party's European policy was a history of commitment, conversion and adjustment. It was a commitment to socialist ideology both in internal and external affairs. It was a commitment based on a totally different 'system' of values and principles. And it was this doctrinaire commitment that provided the Labour Party a framework through which it viewed things both internal and external to Britain.

During the inter-war period, the British Labour Party was committed to a "socialist foreign policy", which if adopted since its assumption of power in 1945 would have meant a complete change in the British foreign policy. Britain's traditional conservative foreign policy was subjected to scathing criticism both with regard to its principles as well as strategy. Indeed, the "socialist foreign policy" envisaged a new alternative to conservative principles and strategy. Such an alternative had both positive and negative elements. In the former category were included internationalism and socialism, and in the latter category anti-militarism, anti-imperialism and anti-capitalism.

The above alternative based as it was on socialist faith that compelled the Labour Party to view Europe in a different way. It meant an end to the traditional 'balancer' role played by Britain on the continent, developing cooperation with the other socialist countries including Soviet Russia, and promotion

Besides the entry into the EEC was certainly the severest challenge to the solidarity within the Labour Party. The deep divisions within the Party over this issue not only reflected a lack of consensus in the Party, but also lack of a clear and well-defined approach towards Europe. In fact there was a confusion within the Party over foreign policy. This confusion which stemmed out of a simultaneous pursuit of several options was not merely confined to Labour Party alone but it was a national confusion. There was the Commonwealth commitment, the newly created EFTA commitment, the so-called 'special relationship' with the US. The confusion became much confounded after Britain made its first attempt to enter into the EEC in 1961-62. Undoubtedly one must not attach too much importance to what the former US Secretary of State, Dean Acheson had said about Britain having lost her Empire and about her inability to find a new tangible role. Nevertheless, it did mean that Britain needed to develop a new pattern of relationship with her neighbours across the Channel.

The official stance of the Labour Party on the EEC issue was laid down by Gaitskell's "Five Conditions". The 'Five Conditions' of course, was a cart pulled in different directions. There was the reiteration of Commonwealth commitment, the EFTA, the socialist principles, pursuit of 'independent foreign policy' and the Common Agricultural Policy. Fulfilment of these conditions meant that Britain could not join the Common Market. The

Party leadership, particularly Gaitskell, regarded the Commonwealth relationship as a vital British interest to be safeguarded. Joining the Common Market meant break with a great heritage, a 'thousand years of history'. These "Five Conditions", intended as a compromise solution, however, failed to bridge the rift - rather they widened it. On the eve of its accession to power in 1964, the official stance of the Party was decidedly against joining the EEC.

In 1966 when the Labour Party resumed power in Britain with a comfortable majority it shifted from its anti-market policy to pro-market policy. Economic factors did play a predominant role in the reversal of its policy. Commonwealth lost its traditional trade potential. EFTA failed as a counterweight to the Common Market. The Common Market itself was sharing a larger percentage of world trade with a corresponding decline in Britain's share of the same. Moreover, there was a discernible change in the attitude of the British public. National debate on Britain's entry into the EEC became so intense that it became imperative for the Wilson Government to review its policy regarding application for the EEC membership.

In the process of Britain's conversion to "Europeanism" Wilson's own role was highly significant. He played his role as Party leader with such consummate skill both in balancing the contending forces and also averted an imminent split within the party. In 1964 when he stepped into power the Party was torn

asunder on the Entry issue, but in 1970 he stepped out of power when the Party unhesitatingly supported his decision to join the EEC. Even outside the Party, his role as a national leader, his firm pursuit of the EEC membership merit equal attention.

The importance of Wilson's role in the late 1960's lay in the fact that he perceived correctly the widely varying political and economic forces and was successful in welding them together so that his pursuit of national cause could be advanced. There exists a great scientific and technological disparity between Western Europe and America and undoubtedly it was the most contentious issue of that epoch. Wilson was shrewd enough to turn this disparity into a diplomatic instrument that made more lively the debate on Britain's entry into Europe.

The second British attempt differed in various ways from the first. But it differed more importantly in the sense that it tried to convince the continentals of the sincerity of Britain's 'Europeanness'. Labour leaders - Wilson and Brown - in their continental tour tried to convince the host countries of Britain's 'political will' to join the EEC. Yet de Gaulle's intransigence over the question of Britain's entry remained unaffected. But even in face of this exceptionally difficult opposition from the French President, the British leaders were not discouraged. Indeed Wilson Government's greatest contribution lies in the fact that its singleminded pursuit of the European venture paved the way for Britain's eventual entry into

the EEC.

Certain developments that were taking place towards the end of 1960's and after tended to create a situation favourable for British entry. Undoubtedly the most important development was de Gaulle's exit from the French political scene. The General's retirement from power removed one of the formidable obstacles to the British entry into EEC.

Moreover, the growing power of West Germany within the EEC compelled France to take a fresh view at the strategic environment on the continent. West Germany indicated her assertiveness even before de Gaulle was out of power, when she refused to devalue her currency. Willy Brandt's 'Ostpolitik' disproved the Gaullist notion that West Germany could not open relationship with the East over the head of France. Brandt showed that West Germany could act independently of France. France was now faced with a situation where the growing economic and political power of West Germany was likely to cause disequilibrium within the EEC.

Under the prevailing conditions, the only best alternative open to France was to bring in Britain to counter the strength of West Germany. Thus Pompidou's decision to admit Britain into the EEC, coupled with Willy Brandt's strong support for it, enabled Edward Heath to take Britain into EEC formally on 2 January 1973.

In retrospect, it is difficult to avoid the conclusion

that more than any other single factor, it was the six years work of the Labour Government that did much spadework for the eventual British entry into the ECC.

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