CHAPTER I

INTRODUCTION - THE HISTORICAL PERSPECTIVE
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Britain After the Second World War

When the Second World War broke out in September, 1939, Europe looked to Great Britain for应该ering the responsibility of facing up to the might of Nazi Germany under Adolf Hitler. Britain still was one of the great world powers and the centre of an Empire and the Commonwealth stretching from the Caribbean in the Western hemisphere to the Pacific in the East. When the war ended in August 1945 Britain was one of the three victors, besides the United States and the Soviet Union, and was still regarded as a ranking world power. It had played a heroic role in the war, especially during the period between the fall of France in May 1940 and June 1941 when Hitler's folly brought the Soviet Union into the war on its side. This experience of successfully standing alone in the dark days of 1940 and 1941 had given Britain a great halo as a champion of freedom and human rights throughout the world and especially in Europe.

So the picture of Britain at the beginning of the post-war period was that of a country physically exhausted and badly battered but greatly confident spiritually that once it got over its temporary difficulties it would be able to resume its career as a great power. This was evidently clear in the pronouncements

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1 In fact, Ernest Bevin, British Foreign Secretary, in a speech on Foreign Affairs in the House of Commons on 22 October 1946 referred to the British contribution to the two World Wars, the price it had paid in terms of blood and resources, and the sacrifices it had made. See UK, Commons, Parliamentary Debates, Session 1946-47, Vol. 427, Col. 1495.
of the British Government leaders who took for granted the con-
tinuing greatness of Britain as a matter of fact.²

But the appearance of a strong and self-confident Britain
was only an illusion since it managed to conceal for the time
being the stark fact that the war had reduced Britain to a shadow
of its former self. In fact the process of the irreversible decl-
line of Britain from the ranks of the great powers had only just
begun. The war had brought into sharp focus the vulnerability of
Britain; but for the American and Russian involvement it is a
matter of speculation what the final outcome of the war really
would have been.

Six years of war had propelled Britain to the throes of
an unprecedented economic difficulty. To ward off the threat of
bankruptcy the British Labour Government, elected in July 1945
with a huge majority, had to turn to the United States for a
Financial Agreement which was signed on 6 December 1945. Under
the terms of the agreement the United States extended a loan of
$3750 million on a relatively generous interest rate of 2 per
cent.³ Besides receiving financial assistance from the United
States, Britain also had to draw on its foreign investment to
put its economy back on the road to recovery.⁴

² Speech by Ernest Bevin to the Foreign Press Association on

³ UK, HMSO, Financial Agreement between the Governments of the
United States and the United Kingdom, dated 6 December, 1945.

⁴ F.S. Northedge, Descent From Power: British Foreign Policy,
Despite the unmistakable signs of British weakness a realistic assessment about the country's role in world affairs was not made by the nation's foreign policy makers. The new Labour Government, led by men like Clement R. Attlee and Ernest Bevin, who had their moorings very much in the past so far as foreign policy was concerned, believed that Britain still had a world-wide role to play along with the new super-powers of the post-war era, the United States and the Soviet Union. Being the centre of a far flung Empire and the Commonwealth, its interests were world wide. It also had a 'special relationship' with the United States, fashioned by Churchill and Roosevelt during the war, which had now assumed an emotional overtone. Finally it had its bonds with Europe which go back to many centuries, having itself been a product of the many sided genius of that continent. Henceforth Britain was to maintain its great power status by being tied to all the three circles - the Commonwealth, the Atlantic Community and Europe - but never wholly belonging to any one of them.

It is in the light of this quest for a world role that the British attitude towards the question of West European unity, which was soon to dominate European minds, can be appreciated.

The idea of European unity, which had been first pioneered in the Twentieth century by the French Foreign Minister Aristide Briand in the 1920s, received a fresh impetus from the devastation caused by the Second World War and the consequent disillusionment about the nation state and its potentiality for evil as demonstrated by Hitler. Spurred on by the efforts and vision of such men

6 Ibid.
as Winston Churchill, Jean Monnet and Paul Henri-Spaak, a Council of Europe, intending to provide a forum for developing co-operation among the peoples of Western Europe and to foster the "European idea" was created in 1949.

But, in Britain the movement for a United Europe failed to evoke much enthusiasm. The British experience was quite different as it did not have to go through the nightmare of defeat and occupation that the continental states had suffered. On the contrary, the British nation state showed a remarkable solidarity and endurance under a heavy battering in its ability to survive, despite the loss of all its traditional allies in Europe. The courageous stand of the British state and the help it received in it from the United States and the Commonwealth, served to reinforce its confidence in itself and its overseas connection. This was a fundamental factor which moulded the British attitude towards Western Europe immediately after the Second World War.

The other factor that influenced to shape Britain's thinking was its insular position from the European mainland and the profound impact it had on British history and character. Traditionally, its principal interest in the continent has been to help preserve a balance of power so that no particular country became

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9 Coral Bell (ed.), Europe Without Britain (Melbourne, 1963), pp. 5-6.
dominant across the Channel and, thus, ultimately jeopardise Britain's own security. This concern for not allowing the continent to be dominated by a single power motivated the British participation in all the wars waged against France, and later Germany as well, in the 18th, 19th and the 20th centuries.

The physical isolation from the continent, brought about by geography, had also contributed to the development of an isolationist tendency in the British character vis-a-vis Europe and encouraged the country to look to the wider world for fame and fortune. As Anthony Eden, British Foreign Secretary, said in a speech at the Columbia University in New York on 11 January 1952:

Britain's story and interests lie far beyond the continent of Europe. Our thoughts move across the seas to the many communities in which our people play their part in every corner of the world. These are our family ties. That is our life. Without it we should be no more than some millions of people living on an island off the coast of Europe, in which nobody wants to take any particular interest.(10)

This emotional detachment, concomitant to its physical separation from the continent, made Britain look at European affairs with weariness; British memories of European involvement, which had implicated it in costly warfare on numerous occasions over the centuries, were anything but pleasant. No wonder, the yearning for a united Europe resulting from centuries of war, destruction and devastation, as manifested in Western Europe, failed to find any positive response in Britain.

This historical background is pertinent to any understanding of the attitude that Britain displayed toward, and the role it played, in the pioneering moves that led to the birth of the European Economic Community (EEC).

The first real test of British attitude towards European unity came with the conception of the Schuman Plan of May 1950. The Plan which had been conceived from the ideas of the great French statesman and political thinker Jean Monnet, who had played a crucial role in the reconstruction of the French economy between 1945 and 1950, envisaged the pooling of the Coal and Steel production of France and West Germany under a single supranational High Authority whose decisions in those matters were to be binding on the countries concerned. As coal and steel constituted vital elements of armament production, as well as the key to industrial power, the arrangement envisaged under the Plan would be able to monitor any signs of re-armament by either of the two countries and, thus, offer the opportunity of defusing a potential confrontation between them at an early stage. More important, it would provide a sound basis for the beginning of a genuine move for unity in Europe, which would go far beyond the framework of the Council of Europe, and would be its linchpin in the form of Franco-German union, considered to be vital for European peace and security.

Britain was the first country France approached after the Plan was approved by the French cabinet. In view of the known British scepticism of European entanglements both Jean Monnet and the French Foreign Minister Robert Schuman went to London to persuade the British to accept the Plan. Monnet informed the British that "the French Government felt it desirable that the acceptance by other Governments of the principles set out in the French

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communique of the 9th May should precede any working out of the practical application of their proposals."\textsuperscript{12}

But, the British response, which was made clear during the course of the exchange of messages between the two governments over the next three weeks, was a rejection of the French demand of prior commitment to the principle of the programme even before discussion had started.\textsuperscript{13} As a result, negotiations on the Schuman Plan were started among the six countries which had responded favourably to the proposal - viz. France, West Germany, Italy, Belgium, the Netherlands and Luxembourg - without the British participation.

The reason for Britain's backsliding was not far to seek. The Labour Government of Clement Attlee was clearly committed to retaining Britain's independent world role and a too close involvement with Europe was seen as endangering this prospect.\textsuperscript{14} Besides, the French Plan was insisting on the participating countries to commit themselves to "the pooling of steel and coal productions and the institution of a new high authority whose decision will bind". This would have committed Britain to a scheme that took decisions "prior to rather than as a result of inter-governmental discussions".\textsuperscript{15}

The most important reason, however, was that the concept of supra-nationalism was anathema to the British and no British


\textsuperscript{13} Ibid., pp. 6-8.

\textsuperscript{14} Attlee, n. 5, p. 172.

\textsuperscript{15} HMSO, n. 12, p. 11.
Government, Labour or Conservative, was able to allow control of basic industries, such as coal and steel, to move out of British hands. This was made clear by Attlee in the Parliament on 13 June 1950. Moreover, the Attlee Government was deeply engaged in the task of creating the first welfare state in Britain; Britain's export trade, full employment and economic health in general vitally depended on those industries which the Schuman Plan was seeking to place under an independent supra-national machinery and there was no way Britain could agree to that.

As if to reinforce the position of the Government, the Labour Party itself came out at this time with a policy document issued by the Party's National Executive Committee in May 1950. It strongly opposed the establishment of European institutions on supra-national basis. "The European peoples", it declared, "do not want a supra-national authority to impose agreements. They need an international machinery to carry out agreements which are reached without compulsion". It also made clear that "no Socialist Party could accept a system by which important fields of national policy were surrendered to a European representative authority".

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17 Northedge, n. 4, p. 158. Douglas Jay, a prominent Labour anti-Marketeer who was the President of the Board of Trade at that time, is of the opinion that the whole exercise was "a cynical bit of diplomatic warfare" on the part of the French who "so devised the plan and the ultimatum that the British were bound to refuse and the French would then have the chance of misleading people into believing that they had made a fair offer which had been unreasonably rejected." See Douglas Jay, "Why I Distrust the French", Sunday Telegraph (London), 6 April, 1980.

After Britain's refusal to join, negotiations among the six other countries, which had responded positively to the Plan, viz. France, Germany, Italy, Belgium, Holland and Luxembourg, were successfully carried on and the European Coal and Steel Community (ECSC) came into existence in July, 1952, with Jean Monnet as the President of the High Authority. Despite some controversies in France and Germany, ratification by all the six Parliaments concerned was obtained soon.

The birth of European Coal and Steel Community was, however, only an initiation of the process of supra-nationalism for the 'Europeans' who were now keen to extend it further through the creation of a common market. The idea of a Common Market was first floated by a memorandum of the Benelux countries on 20 May 1955 which contained suggestions for a common market and cooperation in new areas such as transport and energy, particularly atomic energy in which France was known to be interested. The Foreign Ministers of the Six met at Messina, in Italy, in June 1955 and a detailed resolution on the nature and the principles of the community they wanted was worked out. Strong preference, especially at the instance of the Benelux countries and Italy, was expressed at the Messina Conference to include Britain in the proceedings of the new venture.19 France readily agreed to this, perhaps in the hope of closer co-operation with the British in Atomic Energy in which the latter were leaders in Europe at that time.20 Hence, it was decided at Messina to invite the United Kingdom to take part in the deliberations from the start.

19 Macmillan, n. 8, pp. 67-68.
But soon after the discussion began the divergence in their approaches became quite clear. While the British preference was for a free trade area rather than a customs union, which would affect British trade with the rest of the world, especially the Commonwealth, the Six felt that the British ideas did not go far enough to take in the kind of radical venture they had in mind.\(^{21}\) In fact it was felt that the British representative was taking rather a negative attitude towards the whole venture.\(^{22}\)

The parting of ways came soon enough. While the British delegation decided to withdraw from the proceedings, the Six successfully concluded their negotiations by the end of 1956 and the treaties establishing the European Communities consisting of the European Coal and Steel Community, the European Economic Community and Euratom were signed in Rome on 25 March 1957 and jointly came into force with effect from 1 January 1958.

The main provisions of the Treaty of Rome included gradual abolition of obstacles to the free movement of persons, services and capital within the community, the inauguration of common policies for agriculture and transport, the adoption of procedures to co-ordinate economic policies and prevent disequilibria in the balance of payments and the control of competition so as to prevent 'distortion'.

The establishment of the EEC placed Britain in a very awkward position. While it was not possible for it to join a Customs Union, with its obvious implications for British trade with the Commonwealth, it was even difficult for a trading nation like

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21 Harold Macmillan, n. 8, p. 27.

Britain to ignore the Common Market of nearly 180 million people. Therefore, it was imperative for Britain to arrive at an accommodation with the EEC. Indeed, Britain needed to gain a firmer foothold in the rich and expanding markets of Western Europe and arranging a free trade area was the only way discrimination against British goods in these markets could be avoided. This would also offer the United Kingdom the opportunity to become more competitive and to achieve a higher rate of investment and growth, besides the incentive to more economic forms of production and benefits of a greater variety of consumer products at lower prices.\(^\text{23}\) And most important of all was that such an arrangement would enable Britain to enjoy free trade with the continent and at the same time maintain the Commonwealth preferential trade. So the next step in the effort to arrive at a compromise between Britain and the Six was the initiation of the Free Trade Area negotiations which was fraught with difficulties right from the beginning. The exclusion of agriculture in the British Plan did not make things easier and the countries of the Six insisted that, "in exchange for eventual entry, duty free, of British manufactured goods into their markets, they should gain easier access to our markets for their own agricultural products".\(^\text{24}\)

The main problem was, however, between Britain and France. The French objected to the whole principle of free trade area and the favourable terms it would confer on the British who were going to have free trade with Europe, while retaining their Commonwealth position.\(^\text{25}\) The French also suspected that the real British motive

\(^{23}\) UK, Commons, Parliamentary Debates, Session 1956-57, Vol. 561, Col. 43.

\(^{24}\) Macmillan, n. 8, p. 438.

was to turn the EEC into a free trade area and thus wreck its ultimate objective of European integration. The British on their part were resentful of the activities of the Six which were thought to be designed to exclude Britain from the all important West European market.  

Thus while Anglo-French antagonism and mistrust was clouding the negotiations, things became even more difficult with the advent to power of General Charles de Gaulle in France in the summer of 1958. De Gaulle thought that while the Six were trying to forge unity of Europe, Britain was trying to drag "the West into an Atlantic system which would be totally incompatible with an European Europe". De Gaulle was to continue to nourish this belief of his throughout the most of his career as President of France that far from trying to reach an honest and amicable accommodation with the Six, Britain was trying to undermine their project by putting forward first the proposal for a free trade area and later by offering to join the EEC itself.

After the failure of the negotiations with the EEC for a European Free Trade Area, Britain decided to join Austria, Denmark, Norway, Portugal, Sweden and Switzerland to arrange plans for a European Free Trade Association (EFTA) which was created by the Stockholm Convention on 4 January 1960 and came into effect on 3 May 1960. According to the Convention the arrangements were limited to abolition of obstacles to internal trade with regard to tariff and quotas and provision was made for some minor co-ordination

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26 Macmillan, n. 8, p. 437.
28 Ibid., pp. 187-89.
of economic policies. The creation of the EFTA, however, "was conceived of as a temporary measure pending the final unification of the economy of Europe". 29

Towards Community Membership

The years 1960-61 were a watershed in the history of the post-War British foreign policy, ushering in a historical shift. A debate was raging for some time on the question of a fundamental re-evaluation of the country's foreign policy priorities, based on the three overlapping circles - the Commonwealth, the United States and Europe. Successive British Governments had spurned the opportunities to participate in West European unity movements in order not to run into commitments that undermined Britain's emotional attachment to the Commonwealth and its 'special relationship' with the United States. But a strict adherence to this strategy was no longer found to be suitable to British interests in view of the enormous changes in the international scenario that had taken place in the decade and a half since the end of the Second World War.

The British Empire and the Commonwealth had emerged relatively unscathed from the ravages of the Second World War and British leaders believed that it would continue to be the mainstay in Britain sustaining its world role. But, the Empire itself did not survive long and the process of decolonization that started with the independence of India and Pakistan in 1947 gathered momentum again with the independence of Ghana in 1957. Though the newly independent countries agreed to continue as

members of the Commonwealth, the emotional tie-up was not the same as when the organisation had an all-White membership. The divergence between the political attitudes of the Afro-Asian Commonwealth countries on the one hand and those of the old Dominions (Canada, Australia, New Zealand and the Union of South Africa) and Britain on the other on questions like the cold war and the East-West relationship precluded closer integration inside the Commonwealth. The Suez Crisis of 1956 illustrated this dichotomy very clearly when the Anglo-French action against Egypt was mercilessly pilloried by the non-white members of the Commonwealth, especially India.³⁰

Most important of all, however, economically the Commonwealth was declining in its importance for Britain and British trade. Nearly 30 years had passed since the Ottawa Imperial Agreements of 1932 which provided the basic infrastructure for the system of free entry and preferences under which Britain received its foodstuffs and raw materials at very cheap rates from some Commonwealth countries which, in turn, allowed preferential access to British manufactured goods to their domestic markets. Significant changes had taken place during this period affecting the pattern of trade between Britain and the Commonwealth. There had been a revival of British agriculture which was now supplying Britain with about two-thirds of its temperate foodstuffs and half of its total requirements of foodstuffs.³¹ British manufacturing industry had recovered from the ravages of the war and the mostly underdeveloped Commonwealth markets were no longer adequate to

take in the wide-range of expensive and sophisticated manufactured goods the British economy was producing. Besides, manufacturing industry was gradually developing in the countries of the Commonwealth as well and they were now beginning to meet some of their needs that had been hitherto dependent on imports from Britain. A very natural consequence of this change in trading pattern was that an ever larger volume of British trade was now going to the large and growing market of Western Europe.

Passage of time and changes in international scenario had taken its toll of the 'Special Relationship' between Britain and the United States as well. Relationship between these two countries had always been a little out of the ordinary, a product of factors such as a common language, heritage and culture; these ties were further cemented during the war by their common experience and the extraordinary camaraderie between Roosevelt and Churchill. The close co-operation of the war years was further continued during the immediate post-war years when Britain was instrumental in co-ordinating the American economic aid, especially the Marshall Plan, for the rebuilding of Europe and its defence in the 1940s and 1950s from what was perceived to be a threat from the Soviet Union and its communist allies.

This Atlantic connection was considered vitally important by all the post-war British Governments, Labour and Conservative for not only Britain's continuing world role but also in safeguarding its strategic interests in Europe as well. Thus, any organic links with Europe were considered to be an encroachment on the fabric of Anglo-American diplomatic and security relationship and hence all suggestions for any such links during this period fell on unsympathetic ears.
The relationship was, however, not completely free from irritants as was evident from events like the Korean war, Anglo-Iranian oil dispute, suggestions for a European Army and ironically enough American exhortation that Britain should join the West European integration process to strengthen Europe against any possible misadventure by the Soviet Union. However, the sharpest breach the relationship suffered was during the Suez Crisis of October-November, 1956 when the British action against Egypt in retaliation for the nationalization of the Suez canal by the Egyptian government brought a swift and sharp reaction from the United States which viewed it as just another case of old-fashioned imperialist adventure in the third world. The United States was facing a Presidential election at the time and could not afford to be seen to be associated with Anglo-French policies which reflected the colonial tradition. It was primarily the American action in the United Nations that forced the humiliating British withdrawal from the Suez which triggered off a bitter backlash against the United States in Britain. After a change of Government in January 1957, the new Prime Minister Harold Macmillan swiftly initiated measures for a reconciliation between the two countries which, while they went a long way, were unable to obliterate the bitterness altogether.

These incidents in the 1950s brought home to the British leaders the hazards of looking to the 'Special Relationship' in

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32 British worry about the possibilities of a full-scale war between the United States and China and the American use of Atomic bomb, hinted at by President Truman, was reflected in a speech by Attlee at the National Press Club, Washington, on 6 December 1950, see Macdonald, n. 2, pp. 84-87.


34 Macmillan, n. 8, pp. 159, 167, 175-76.
times of crisis; reality was beginning to look much harsher in
the changed circumstances of the late 1950s when Britain no longer
was the great power it was before the Second World War. The rela-
tionship was beginning to look increasingly unequal and it was
becoming more evident that Britain had to think of relations with
the United States more as a part of Europe than strictly on its
own.

However, it was not only a decline in the ties with the
Commonwealth and the United States that had preoccupied British
minds at this time. The economic factors had always been upper-
most in relations with Europe; now they were assuming overwhelming
importance in policy planning. Confounding all its critics and
doubters by 1961 the EEC was becoming a success and its implica-
tions were being ominously felt in Britain. The economic resur-
gence of Europe was one of the most remarkable features of post-
war European history and this was reflected in some of the statis-
tics. Growth rates in the countries comprising the EEC were higher
than they were in Britain between 1954 and 1960. During this
period industrial output in these countries grew by over 50 per
cent as compared with the British growth rate of only 20 per cent. 35
Though the remarkable economic performance of these countries was
well underway even before the EEC was formed, the latter event was
certainly a powerful factor in increasing intra-Community trade by
over 50 per cent between 1958 and 1960; the rate of foreign invest-
ment in the Community during this period also went up by 60 per
cent. 36

36 Appendix I - Speech at the Opening of the Commonwealth Prime
Masters' Conference, 10 September 1962, p. 533.
In contrast, there was virtually economic stagnation in Britain.\(^{37}\) While there was low growth and low industrial productivity, the country was also running almost a chronic deficit in its visible trade signifying over-consumption and under-production.\(^{38}\) One of the major causes of the stagnation on the industrial front, it was felt, was the shelter provided to British industry from competition in the home market by the protective tariffs set up before the war.\(^{39}\) In the long run an island nation such as Britain, which had no natural resources of its own, except coal, depended on its ability to produce and export to maintain its economic well-being and prosperity and the British industry needed a powerful competitive thrust to regain its productive capability. The big and rich market of 180 million people created by the EEC was a great challenge and opportunity for the British industry and economy where it was going to face the competition of very efficient industries throughout Western Europe. Another advantage of such a market was that modern industries requiring heavy capital investment such as petrochemical and plastic industries could only be economically efficient and viable when their

\(^{37}\) The average growth rate of British real national income between 1950-64 was 2.6 per cent as against Germany's 7.1 per cent, Italy's 5.6 per cent, France's 4.9 per cent, Netherlands' 4.9 per cent, Denmark's 3.6 per cent and Belgium's 3.4 per cent. Edward F. Denison, "Economic Growth" in Richard E. Caves, ed., Britain's Economic Prospects (London, 1968), p. 232.

\(^{38}\) United Kingdom's visible balance of trade 1955-65 (£ million)

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products could find an outlet to a mass market and thus stimulating a large-scale production.

The West European market was becoming increasingly attractive to British industrialists for their sophisticated manufacture which most of the Commonwealth countries were too poor to buy. The British exports to the Community registered an increase by over 50 per cent between 1954 and 1960 and during this period they varied between 14 and 19 per cent of Britain's total exports the growth in this area being the highest in its foreign trade. With the establishment of the EEC and the Common External Tariff, British exports to Western Europe were faced with discrimination which was potentially damaging for the long-term prospects of British industry. At the same time, the Commonwealth and the European Free Trade Association had failed to come up to the expectation as proper alternatives and in 1961 the EEC was looked upon as an organisation with which Britain should have a formal partnership.

The economic strength of the Community was, however, only a step to political power and prestige and this was also weighing heavily in British calculations. It was perceived that as it would become richer the EEC might gain in political influence, commanding attention and respect from the great powers of the world. Such a prospect was unwelcome from the British point of view as it feared that this might effectively sideline Britain as a European power. Its influence on the United States was already

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42 Conservative Central Office, n. 40, Leaflet No. 2.
on the decline and there was a noticeable increase in the US tendency to look to the Federal Republic of Germany for assistance in Europe. Unlike Britain, Germany was almost totally dependent on America and American nuclear deterrent for its security and hence much more amenable to control from Washington. Britain could now exercise political influence only as part of a wider block of countries such as the EEC.

It was the political factors that profoundly influenced Prime Minister Harold Macmillan who presided over the destiny of Britain during this crucial period in the country's history. He was deeply troubled by the developments in Europe between 1955 and 1960 when the continent was effectively divided into two economic and potentially antagonistic blocs. The intensification of the cold war which was reflected in the Berlin crisis and the collapse of the Paris Summit of 1960 made "it all the more essential not to divide Europe". He was caught in a cleft stick since he had to ensure preservation of British economic and trading interests on the one hand and its traditional ties with the Commonwealth and the United States, on the other. Yet, by 1961, Macmillan was all but convinced that applying for Community membership was the only sensible course of action left to Britain. But the problems that such a step would generate were formidable too.

Ever since the beginning of the European movement in the late 1940s, there had grown in Britain two distinct bodies of

43 The present author's interview with Simon Nuttal, Head, Relations with Intergovernmental Co-operation Between Member States, EC Commission, Brussels, 26 January, 1987.
opinion, dubbed by observers as pro-European and anti-European. During the course of the 1950s, the latter group had a predominant position in both the Labour and the Conservative Parties and it was their policy that prevailed in keeping Britain out of Europe. Now that thinking in the policy making circle had changed, opposition from this formidable body of opinion had to be taken into account in any final decision that was taken. Throughout the 1950s, the Conservative Party had witnessed a keen debate between the 'Europeans', who were advocating a more positive attitude towards moves for integration in Europe but were in a minority, and the rest in the Cabinet, the Party and the country who had genuine doubts about Europe in view of Britain's other still considerable obligations. In the words of Harold Macmillan: "It was, after all, asking a great deal of the Conservative Party, so long and so intimately linked with the ideal of Empire, to accept the changed situation, which might require a new concept by which Britain might serve Commonwealth and world interests more efficiently if she were linked with Europe." 

In view of this great sentimental attachment of an overwhelming number of Conservatives to the Empire, and subsequently the Commonwealth, especially Canada, Australia and New Zealand, Harold Macmillan faced a lot of difficulty in persuading the Party to agree to move in a radically new direction. However, it was soon realised by the leading lights of the Party that the proposed move into Europe would be in the best interests of Britain if not

46 Harold Macmillan, n. 8, p. 70.
the Commonwealth as well.\textsuperscript{48} Ideologically too their thinking fitted in well with the Community's free market philosophy.\textsuperscript{49} The annual conference of the Party in October 1961 reflected the pragmatism of Conservative outlook when Harold Macmillan's decision of previous July to apply for Community membership received overwhelming support.\textsuperscript{50}

Besides domestic opposition, the Government had also to take into account serious problems to be faced in three areas. These were British agriculture, the problems of the Commonwealth, and a potential loss of British sovereignty in some areas. These were problems that were to dominate the whole debate for the next decade.

Doubts had been voiced in Government circles about the prospects of loss of sovereignty that participation in a customs union would entail in some crucial areas of economic policy making, especially those relating to the imposition of restraints considered to be unfair to free competition. There was also the possibility that damage might be inflicted on British agriculture as a result of measures bringing it in line with the continental agricultural system which was different from the one prevailing in Britain. But the most delicate problem was that of the Commonwealth which "overshadowed all others - politically, economically and, above all emotionally".\textsuperscript{51} According to arrangements inside it, most Commonwealth countries were offered either duty free or

\textsuperscript{48} Conservative central office, n. 40, Leaflet No. 3.
\textsuperscript{49} Conservative Political Centre, \textit{Britain into Europe} (London, 1962), p. 15.
\textsuperscript{51} Harold Macmillan, n. 35, p. 7.
preferential access to the British market for their products. Countries like New Zealand and Australia were particularly dependent on this market for the export of their farm products on which much of their prosperity depended.\textsuperscript{52} Since one of the preconditions of joining the EEC was the acceptance of its Common External Tariff which was to apply on all imports coming in from outside the community, the existing arrangements regarding access for Commonwealth products to the British market could not continue.

After extensive consultation with his cabinet colleagues, Harold Macmillan finally announced in Parliament, on 31 July 1961, the Government's decision to apply for membership of the European Communities. Aware of the deep divisions within the country, the Prime Minister struck a cautious note in his statement and indicated that the British move was only designed to find out if conditions existed for the United Kingdom to become a member of the European Communities.\textsuperscript{53}

The announcement evoked mixed feelings in political circles as well as in the country. Though the decision was well received in general, it was met with hostility and even opposition from some senior conservatives and doubts and hesitation from the Labour Party which was reflected in the Parliamentary debates held on 2 and 3 August 1961.\textsuperscript{54} Despite this somewhat difficult show, the Government received overall support for their proposed action and decided to go ahead with the beginning of negotiations with the EEC.

\textsuperscript{52} Concern on this point had been expressed by some Government leaders in Parliament. UK, Commons, \textit{Parliamentary Debates}, Vol. 645, Session 1960-61, Cols. 929-30.


\textsuperscript{54} Ibid., Cols. 1507-12, 1699-1705.
The negotiations were opened by Edward Heath, Lord Privy Seal, who was to act as the leader of the British delegation, in a speech in Paris on 10 October 1961. They were conducted in three different phases: January-February, May-August, and October-December 1962. There were three major sets of problems that Britain raised during the discussions. These were questions relating to Commonwealth preferences, British agriculture and satisfactory arrangements for trade with the EFTA countries.\textsuperscript{55}

After detailed presentation of their individual positions in earlier part of the year the issue of Commonwealth preference was dealt with in a series of ministerial and official meetings between May and August 1962.\textsuperscript{56} Britain was anxious to arrange for an orderly transition from the Commonwealth to the Community preference and to keep the Community tariffs to the exports of those Commonwealth countries which were heavily dependent on the British market, as low as possible. The first agreement to be reached was a time-table for the application of the Common External Tariff (CET) of the Community to the import of industrial goods from the developed Commonwealth countries like Canada and Australia; 30 per cent of CET was to take effect on British accession, 30 per cent on 1 January 1967 and the final alignment on 1 January 1970.\textsuperscript{57}

The other important agreements reached during this period were on the import of certain temperate zone foodstuffs from Commonwealth countries, arrangements for manufactures from the developed


\textsuperscript{56} Commission of the European Communities, \textit{Report to the European Parliament on the state of the negotiations with the United Kingdom}, (Brussels, 1963), p. 34.

\textsuperscript{57} Ibid.
Commonwealth countries and arrangements for imports from India, Pakistan and Ceylon. Though the British request of special access to the Community markets for Commonwealth products in preference to other third countries was rejected, understanding was reached on offering these countries reasonable access to Community markets with some special considerations for New Zealand because of its heavy dependence on the British market. Special trade agreements were to be worked out with India, Pakistan and Ceylon to help them increase and diversify their products. The Common External Tariff on tea imports was to be abolished or suspended; special arrangements were to be made for imports of cotton textiles from these countries. Understanding had also been reached on the question of 'association' with some Commonwealth countries in Africa and the Caribbean.58

The question of British agriculture, which presented a knotty problem, was dealt with between October and December 1962. There were wide divergences between British and continental methods of supporting the farmers. Some essential elements of what subsequently came to be known as the Common Agricultural Policy (CAP) were given shape in discussions among the Six in December 1961 and January 1962. British demand of a twelve year transition period to adjust their agriculture was not acceptable to the Community and subsequent discussions got bogged down on this issue with the British insisting on a timescale for change over from their agricultural system of guaranteed price and deficiency payments to the Community agricultural support system and the Six insisting on the British accepting the CAP on accession which would have meant a

58 Ibid., pp. 35-53.
dramatic increase in the prices of some essential foodstuffs like wheat in Britain. From the Community viewpoint the negotiations were fraught with difficulties due to the complex nature of the problems, like those of the Commonwealth and British agriculture, raised by Britain necessitating reconciliation of two sets of commitments as vast as those of the United Kingdom and those of the Community itself. Besides, the negotiations also had to take into account not only British obligation to accept the Treaty of Rome but also the substantial advances made since the Treaty was signed. "It was on these advances that discussion was sometimes most difficult."

During all these months of long drawn negotiations between Britain and the Six countries of the EEC, the attitude of General De Gaulle, on whom, as was widely believed, depended the ultimate fate of the negotiations, was, as Macmillan described it, 'enigmatic'. During a private visit to England in November 1961, where he was the guest of Prime Minister Macmillan, De Gaulle managed to keep his intentions, in spite of the best efforts of his host, mysterious. Although he was not forthcoming about it, by the middle of 1962 the British were convinced that De Gaulle had decided to exclude them and their only hope of success was to outmanoeuvre him diplomatically. The two visits that Macmillan paid to France in June and December 1962 in an effort to win him over did not yield any results as De Gaulle's attitude remained unfavourable.

59 Ibid., pp. 68-75.
60 Ibid., p. 111.
61 Ibid.
63 Ibid., p. 118.
64 Ibid., pp. 120-122, 345-55.
Besides the French attitude, the year also saw two other great difficulties from the Government's point of view - anxieties about the whole project displayed by the Commonwealth and the Conservative Party. However, as already noted, deft and skillful handling of the situation by Macmillan saw the government safety through these difficulties, though apprehension in these quarters was not altogether allayed.  

By the beginning of January 1963, the negotiations had reached a crucial stage in Brussels with substantial differences on the agricultural question still keeping Britain and the Six apart. A Ministerial Committee had been appointed under the Chairmanship of the Community's Agricultural Commissioner, Sicco Mansholt to sort out these differences. However, as the Mansholt Committee was preparing to submit its report, General De Gaulle made known his opposition to British membership at a press conference on 14 January 1963.

General De Gaulle based his objections primarily on the differences between Britain and the continental states comprising the EEC. "England", he said, "is, in effect, insular, maritime, linked through its trade, markets, and food supply to very diverse and often very distant countries. Its activities are essentially industrial and commercial, and only slightly agricultural. It has, throughout its work, very marked and original customs and traditions. In short the nature, structure and economic context of England differ profoundly from those of the other states of the

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65 Ibid., pp. 129-141.
continent."

He made it clear that, in his view, Britain was not ready to be a member of the EEC and the negotiations had revealed their unwillingness to accept the treaty of Rome. British dependence on America was also reaffirmed by the Polaris agreement between President Kennedy and Prime Minister Macmillan at Nassau, Bahamas, in December 1962, De Gaulle alleged.

This clear expression of opposition from the French President was followed by a demand from the French delegation in Brussels that the negotiations be terminated. In spite of the willingness of the five other countries to continue the talks, it had to be wound up on the 28 January 1963 as the French would no longer be any part of it.

The breakdown of the Brussels negotiations was a serious setback for Britain's search for a new role and for Harold Macmillan personally; he had staked a great deal of his personal reputation for the whole venture and as such its failure came as a bitter blow to him. What was particularly galling was to have to accept failure when success was thought to be in sight. Agreements had been reached on some of the major problems and compromise

67 Quoted in Miriam Camps, n. 20, p. 474.
68 Ibid.
69 De Gaulle never accepted the British application at face value and was convinced from the very beginning that "having failed from without to prevent the birth of the Community, they (the British) now planned to paralyze it from within". In public, however, he maintained all along that the British were not yet ready for membership which was confirmed, in his opinion, by the Nassau agreement. De Gaulle, n. 27, pp. 188-89, 219-20.
could have been reached on the other outstanding issues, including the agricultural question. The episode was also a national humiliation for Britain who was made to look dependent on the whims and fancies of one man, General De Gaulle.

The Second Application and French Veto

During the course of Britain's first application for EEC membership in 1961, the Labour Party, under the leadership of Hugh Gaitskell, while not opposing the principle of the Government strategy, had taken the position that Britain should enter Europe only after adequate guarantees had been obtained for safeguarding the interests of the Commonwealth and the European Free Trade Association (EFTA). After a Conference with socialist Commonwealth leaders in September 1962 Gaitskell announced, on behalf of the Labour Party, that without firm guarantee on the continuous free access to Britain for at least the primary products of the Commonwealth, Britain's membership in the EEC would be unacceptable to the Party. At the Annual Labour Party Conference at Brighton, in October 1962, he virtually committed the Party to oppose membership by laying down such conditions for safeguarding the interests of the Commonwealth, the EFTA and the British agriculture as would have been almost impossible to obtain.

73 UK, Commons, Parliamentary Debates, Vol. 671, Col. 959.
After the death of Gaitskell in January 1963, Harold Wilson became the leader of the Labour Party. During the course of the first application Wilson was the principal Party spokesman on European affairs and he was also their principal speaker in debates on the issue that took place in Parliament. His speeches had marked him out as one of the leading opponents in the Labour Party of Britain moving into the EEC, though he never opposed the official party line of supporting entry on principles, if the terms were right.\footnote{UK, Commons, Parliamentary Debates, Session 1960-61, Vol. 645, Cols. 1652-1684; Session 1961-62, Vol. 664, Cols. 700-710; Session 1962-63, Vol. 671, Cols. 963-75.}

As leader of the Party, Wilson's pronouncements became more cautious and the October 1964 Labour election manifesto did not suggest that a Labour Government would attempt to get into the EEC again. Even after coming to power there was little indication that the new Labour Government was considering, in any serious way, the question of taking up the EEC issue again. In August 1965, Wilson stated that the possibility for opening negotiations with the EEC could be contemplated only if essential British and Commonwealth interests could be safeguarded.\footnote{UK, Commons, Parliamentary Debates, Session 1964-65, Vol. 717, Cols. 1271-72.}

However, the basic problems that had influenced the Conservative Government of Harold Macmillan to think of applying in the first place were still unresolved. The chronic economic problems like low growth, low industrial productivity and balance of payments deficits continued to trouble the government and the Prime Minister could not long afford to ignore the situation as it was
developing. The pro-Europeans in the Labour Party were becoming more and more convinced that Britain would have to look towards Europe again and their ranks were gradually swelling. A dramatic move was required to get the economy going again and Europe again seemed to hold out the promise of British economic recovery.

So far as the Commonwealth was concerned even further changes had taken place between 1961 and 1967. There was a distinct cooling of relations between Britain and the new Commonwealth concerning the Rhodesian Unilateral Declaration of Independence in November 1965 and the subsequent bitterness shown by African states towards Britain. To the British people the feeling was growing that the Association was more of a handicap to Britain than an advantage, a veritable millstone round its neck. Besides, since the 1961-62 talks the Commonwealth states had begun to reconcile to the idea of Britain's joining the EEC. On the commercial front the Commonwealth was slipping even further in importance as an area for British trade. In fact, at the time of the first British application for membership of the EEC trade with Western Europe had shown signs of an upward trend at the cost of the British Commonwealth trade. But, even after the failure of the Brussels negotiations, this trend continued.

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79 Ibid., p. 296.
80 UK Exports and Imports (percentages):

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<td>Other Europe (EEC)</td>
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Harold Wilson himself was undergoing something of a metamorphosis in his attitude towards the EEC. According to the observation of an insider, Wilson began to change after he took office\textsuperscript{81} and from his position of the leading anti-Marketeer in the Labour Party in 1962 he became something of an advocate for Community membership in 1966-67.\textsuperscript{82} This was reflected in some of the compromises that Harold Wilson was prepared to make vis-a-vis the Treaty of Rome and the apparatus it had created. For instance, during the 1961 debate Wilson, as an opposition spokesman, had spoken about the need for "substantial amendments to the relevant articles to the Treaty of Rome" to implement Labour Party policies designed to bring about the desired degree of centralised economic management.\textsuperscript{83} However, by November 1966 he was sufficiently impressed about the actual working of the Community institutions to declare that the British Government was prepared to accept the Treaty of Rome and would be satisfied with some adjustments required to accommodate certain vital British interests.\textsuperscript{84}

There were two other factors which possibly might have influenced Harold Wilson. Firstly, the French boycott of the Community institutions for nearly a period of seven months in 1965-66

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\textsuperscript{82} George Brown wrote in his Memoirs, "I think he was genuinely convinced by what he said in office of the arguments in favour of joining the Common Market". Ibid.


\textsuperscript{84} UK, Commons, \textit{Parliamentary Debates}, Session 1966-67, Vol. 735, Col. 1546.
showed that Britain's and particularly Labour, fear about the supra-national character of the EEC were misplaced and France, especially General De Gaulle, would never allow its national interests to be trampled. This was equally applicable to others as well. Secondly, friendly market governments had assured Britain that the way in which things actually worked inside it was much less rigid and inflexible than might appear from outside it. 85

The two other choices open to Britain as against membership of the Community were the North Atlantic Free Trade Area (NAFTA) and to 'go it alone' (GITA). The NAFTA envisaged a loose free trade area of the EFTA countries, Canada and the United States. In a wider formulation which belied its North Atlantic title, the free trade area might extend to Australia and New Zealand. GITA was simply 'go it alone', "Britain standing on her own feet and making her own terms with all the trading groups". 86

So far as GITA was concerned, while it was not a constructive alternative, it could nevertheless act as a fallback if entry were denied. 87 Harold Wilson was not prepared to agree with the thinking - both in Britain and Europe - that there was no other course for Britain except entry. 88 There would be no negotiation on the basis of economic weakness; Britain should be strong in or out of the Community, he asserted. If entry were denied or if, after negotiation, the terms were unacceptable then Britain must be in a position to stand and prosper outside. 89

86 Harold Wilson, n. 78, p. 388.
87 Ibid.
89 Harold Wilson, n. 78, p. 388.
In order to get a clearer picture to arrive at a final decision, Harold Wilson decided to undertake a tour of 6 Common Market capitals with his Foreign Secretary George Brown between January and March, 1967. The purpose was to assess at first hand how much support there was for a renewed British bid in Europe so that a repetition of a 1963 type fiasco could be avoided. The overall impression, as per Wilson's own assessment, was sufficiently encouraging to initiate the first moves for the beginning of the negotiations.  

On 2 May 1967 Harold Wilson announced the decision of the Labour Government to make an application under Article 237 of the Treaty of Rome for membership of the EEC, ECSC and Euratom. In his statement, the Prime Minister emphasised three principal problems, besides others, which needed a satisfactory solution for the negotiations to succeed. They were: (a) problems associated with the operation of Community's Common Agricultural Policy which was in the process of being formulated at that time; (b) problems relating to British contributions to the Community Budget and the impact of the EEC membership on British balance of payments; and (c) the problem of adequately safeguarding the interests of the Commonwealth which were likely to be affected by the Government decision.  

Within two weeks of the British announcement, General De Gaulle, the French President, held a press conference in Paris (16 May 1967) in which he raised two objections against Britain's

90 Ibid., pp. 323-344, and 367-372.
entry. These were - the position of Sterling and the effect of British entry on the Common Market.

The argument on the position of sterling ran something like this. Unlike the Six, Britain fed itself to a great extent with food bought cheaply from all over the world and especially the Commonwealth. If it joined the market and accepted the Common Agricultural Policy (buying food from the Six), its balance of payments would collapse and dearer food would lead to dearer wages thus pricing its exports out of world markets. The reserve role of the sterling and the sterling balances within the sterling areas would make it hard in ensuring parity and monetary solidarity which were essential conditions of the Common Market.92

However, De Gaulle's chief concern was reserved for the future of the Common Market itself. According to him, one of the three courses were available. Firstly, to admit Britain which would destroy the Community as it existed and replace it with a free trade zone, if not an Atlantic zone which would take away from Europe its own personality. Secondly, Association of Britain and the countries of the EFTA under article 238 "to install ... a regime of Association which is in any case provided for in the Treaty of Rome ..."93 Thirdly, a waiting game "to wait for the change to be brought about by the internal and external developments of which, it seems, England is showing signs".94 This was referred to by Wilson as the velvet veto.

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92 Harold Wilson, n. 78, p. 393.
93 Quoted in Harold Wilson, n. 78, p. 393.
94 Ibid.
The press conference held by General De Gaulle in May 1967 once again brought to light that British hopes of a change in the General's attitude under the pressure of circumstances was far from a reality.\(^{95}\) Despite the uncertainty created by these remarks in the subsequent months the British Government pretended to be unperturbed.\(^{96}\) In Parliament the Prime Minister and the Foreign Secretary went on repeating their assurances that the British application was under consideration and negotiations would begin soon.

All speculation was however ended by yet another press conference held by De Gaulle on 27 November 1967 in which he confirmed his opposition to British entry again.\(^{97}\) At the EEC Council of Ministers meeting on 19 December at Brussels, the French delegation, obviously acting under instructions from their government, refused to allow the opening of negotiations on British application "in spite of strong insistence of the representatives of the Five of the Governments and the clear recommendation of the European Commission".\(^{98}\) Thus, the Second British attempt to become a member of the EEC ended in failure. De Gaulle had once again been able to impose his will on France's five other partners in the EEC and it

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95 In December 1966 the British Government had received a clear warning about the attitude of the French President. In a meeting with the Foreign Secretary, George Brown, De Gaulle had commented "about the impossibility of two cocks living in one farm yard with ten hens". George Brown, n. 81, p. 220.

96 In October 1967, Harold Wilson stated that so far as his government was concerned, it was ready to start negotiations after the Community had completed the preliminary necessities. See, UK, Commons, Parliamentary Debates, Session 1966-67, Vol. 751, Cols. 1493-94.

97 The Times (London), 28 November 1967.

was clear that so long as he was French President, Britain would have to wait. 99

Despite clear signals from De Gaulle, the Labour Government refused to withdraw the application and it lay dormant. It was meant to be revived by Harold Wilson if he had won the general election of June 1970. 100 However, the new Conservative Government of Edward Heath, the man who had done much of the negotiating in 1962-63, picked up the issue afresh in 1971. The deck was now clear as De Gaulle had resigned in June 1969 following widespread student unrest and rioting in the spring of the previous year. 101

Britain Joins EEC

The Government of Edward Heath took up the issue of Britain joining the European Community within a month of its assuming office. At a Ministerial meeting held at Brussels on 21 July 1970 Anthony Barber, the Chancellor of the Duchy of Lancaster, put forward specific proposals concerning the principal areas around which the negotiations were going to centre. The more sensitive among

99 Edward Heath thought that in its attempt to get into the EEC, Harold Wilson's Government seemed to rely on the hope that De Gaulle's five partners, and particularly Germany, would persuade or force De Gaulle to abandon his objections. This hypothesis, he thought, stemmed "from a misunderstanding of the nature of the EEC and in particular of the relationship between France and Germany". Edward Heath, Old World, New Horizons: Britain, The Common Market and the Atlantic Alliance (London, 1970), p. 3.


101 De Gaulle's resignation was received in Britain with perceptible signs of relief and encouraged the Wilson Government to revive the application. See, UK, Commons, Parliamentary Debates, Session 1968-69, Vol. 787, Cols. 1219-21.
them were: 1) Agriculture and agricultural finance; 2) Dairy products including New Zealand's vital interests in this sector, and Commonwealth sugar. The Government also conveyed Britain's readiness to adopt the Common Agricultural Policy (CAP) which had been agreed at by the Hague summit of the Community Heads of State and Government in December 1969, subject to certain reservations.

As was clear from the past experiences of two French vetoes, it was France which Britain had to mollify to enable its entry into the Economic Community. Although De Gaulle was no longer at the helm of affairs, Gaullism and the Gaullist tradition was very much predominant with Georges Pompidou, one time second in command to General De Gaulle and now the President of France. Throughout the rest of 1970 and the early months of 1971 the negotiations dragged on with the French driving a hard bargain. It was not until the Paris summit meeting between Edward Heath and Georges Pompidou in May 1971 that the logjam was finally broken.

The personal relationship between Edward Heath and President Pompidou played a fairly important role in determining the course of negotiations between Britain and the Community. Heath was able to impress upon the French President with the sincerity of his commitment towards the cause of European unity as well as his readiness to compromise if and when necessary. In fact, Heath

103 Ibid., Cols. 788-9.
105 The present author's interview with Sir Michael Palliser, Permanent Under-Secretary of State, Foreign and Commonwealth Office and Head of the Diplomatic Service, 1975-82, in London on 2 February 1987. He was the principal British diplomat associated through out the entry negotiations.
was able to report to the Commons after his talks with Pompidou that there was a fair amount of proximity between the British and the French views on areas such as the question of the development of a united Europe through an enlarged European Community, the role of a united Europe in the world at large, the development of the European Community and the working of its institutions, progress made by the Community towards economic and Monetary union and the progress of the enlargement negotiations.  

Heath also succeeded in allaying Pompidou's apprehensions regarding the problem of Sterling balances. The meeting thus considerably paved the way for a successful conclusion of the remainder of the negotiations.

The terms which emerged out of the negotiations were, however, 'stiff' from the British point of view. For example, the provisions regarding the EEC budget contribution and the deal on the Commonwealth, especially on New Zealand, fell short of British expectations. But, Heath was of the opinion that those were the best terms available and it was upto Britain to improve upon them from inside as an EEC member.

The entry terms obtained by Edward Heath's Government in 1971-72 can be classified under the following heads. These are: transitional arrangements for industry and agriculture, contribution to the Community budget, arrangements for the Commonwealth and financial and monetary issues.

108 Sir Michael Palliser, n. 106.
109 Ibid.
Transitional Arrangements for Industry and Agriculture

Britain accepted the Common External Tariff (CET) of the Community subject to some special arrangements (either duty free access or low tariff) for some industrial materials (aluminium, phosphorus, wood pulp, newsprint, plywood, etc.) used by the British industry. It also accepted the Common Agricultural Policy which was to apply throughout the enlarged Community, subject to the arrangements with New Zealand and the sugar producers in the Commonwealth. All industrial tariffs on trade between Britain and the EEC were to be eliminated in five equal stages starting three months after accession. Subject to some special tariff arrangements CET would apply to all countries neither belonging to, nor enjoying any special arrangements with the enlarged Community. The enforcement of the CET was to be carried out in four stages starting a year after accession.

So far as agricultural transition was concerned, British prices were to be increased gradually to full Community levels over the five years of the transitional period. British farmers were to get increasingly their returns from the market and deficiency payments were to be phased out. Through out the transition period there was to be free trade with the Six in the products concerned, subject only to arrangements to compensate for the difference in price level. Until prices came into line, there would be fixed levies for British exports to the EEC and fixed compensatory payments on EEC exports to Britain, and these were to be

111 Ibid.
112 Ibid., p. 21.
gradually reduced over five years. British tariff for agricultural commodities was to be gradually adjusted to the CET and eliminated against other members of the enlarged Community.

British membership of the EEC was expected to "affect food prices gradually over a period of about six years with an increase of about 2½ per cent each year in retail prices. As food accounts for a quarter of total consumer expenditure, the effect on the cost of living would be about ½ per cent each year."114

**Contribution to the Community Budget**

Britain's budget contributions were to be determined by a percentage of 'key' broadly corresponding to the British share of the total Gross National Products of the 10 countries likely to form the enlarged Community (1971),115 the key representing the proportion of the budget the British would be nominally expected to pay. Initially Britain was to pay only a proportion of its nominal contributions and this was to increase marginally each year. After the transitional period was over, British contributions to the budget would be brought in line with contributions made by other member states over 1978 and 1979.116

**The Commonwealth**

Special arrangements were to be made "to guarantee New Zealand a market for agreed quantity of dairy products. For butter the guaranteed quantity for the first five years will be

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113 Ibid., p. 22.
114 Ibid., p. 23.
115 Norway later decided not to join.
reduced by 4 per cent per annum so that in the fifth year of the transitional period New Zealand will be able to sell at least 80 per cent of her present entitlement in the United Kingdom. For cheese, the quantities guaranteed will gradually be reduced through steps of 90, 80, 60 and 40 per cent in the first four years to 20 per cent of the present level by the fifth year.\(^{117}\)

On sugar Britain obtained firm assurance for "a secure and continuing market in the enlarged Community on fair terms for the sugar exports of the developing countries which are members of the Commonwealth Sugar Agreement". Britain would continue to buy agreed quantities of sugar under the Commonwealth Sugar Agreement from all participants including Australia, until the end of 1974. After that "arrangements for sugar imports from developing Commonwealth sugar producers should be made within the framework of an association agreement or trading agreement with the enlarged Community".\(^{118}\) Other independent Commonwealth countries in Africa, the Caribbean, the Indian ocean and the Pacific would be allowed to continue existing trading arrangements between them and Britain until 31 January 1975 when the Yaounde Convention offering preferential, duty free access to the markets of the Community for products of certain African states and the Malagassy Republic would expire.

So far as India, Pakistan, Ceylon, Malaysia and Singapore were concerned, Britain and the Community would continue to strive to expand and reinforce existing trade relations with those countries.

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\(^{117}\) Ibid., p. 26.

\(^{118}\) Ibid., p. 28.
countries taking into account the scope of the generalised preference scheme. 119

British entry into the EEC was to affect roughly only 7.5 per cent of Australian export trade, thanks largely to the reduction of Australian exports to Britain in percentage of its total exports (12 per cent) in 1969-70 as against 25 per cent in 1959-60. Likewise Canada too would get most of its exports to enter the British market duty free. (9 per cent of Canada's total exports went to the United Kingdom in 1970 as against 17 per cent in 1960). 120

Financial and Monetary Issues

Britain committed itself to an orderly and gradual rundown of official sterling balances after its accession to the Community and to enter into discussions regarding appropriate measures "to achieve a progressive alignment of external characteristics of and practices in relation to sterling with those of other currencies in the Community in the context of progress towards economic and monetary union in the enlarged Community ..." 121 Britain was to introduce a Value Added Tax (VAT) in conformity with the rest of the Community and this would come into operation from April 1973.

The terms accepted by Edward Heath's Government, whatever their merits or the context in which they were accepted, set off a big controversy in British politics. The Labour Party which had hoped to negotiate the entry terms, had it won the General

119 Ibid., p. 30.
120 Ibid., p. 31.
121 Ibid., p. 32.
Elections of June 1970, totally rejected the terms negotiated by the Heath Government. However the Party itself was witnessing perhaps the most dangerous phase of its history with the manifestation of the deep divisions between the pro-Marketeers and the anti-Marketeers. While Labour was in office between 1964 and 1970 the compulsions of discipline a ruling party is obliged to exercise kept the split out of public notice. Its return to the Opposition emboldened the anti-EEC elements, primarily the left-wingers to mount attacks on the EEC as well as the European policy of the previous Labour Government.122

During the course of the negotiations conducted by the Conservative Government the official position of the Labour Party, coupled with occasional warnings from Harold Wilson about the dangers of 'wrong terms', was that support for or opposition to entry was dependent on the nature of the terms obtained by Britain. During a Parliamentary debate on 21 July 1971 indications about the line the party would take emerged when Harold Wilson expressed his dissatisfaction with the terms which had been announced by the Government by then.123 This had been preceded by a one day special Party conference on 17 July 1971 where the mood had been clearly anti-Market and opposed to the terms.124 Finally, the Party position was unequivocally spelt out in a National Executive Committee (NEC) resolution, to be put to the Party conference at Brighton in October 1971, which opposed the terms negotiated by the Conservative

Government, called on the Prime Minister to submit to a democratic judgement of the people and invited the Parliamentary Labour Party to vote against the Government's policy. 125

The decision of the NEC, however, unleashed a great crisis in the Party as the dedicated pro-Marketeers led by Roy Jenkins refused to yield to the anti-Marketeers. In the following months they organized themselves as a vocal, though minority, group within the Party and actively worked to rally opinion in favour of Britain moving into Europe on the terms negotiated by the Government. 126

But at the Annual Party Conference at Brighton, in October 1971, the anti-Marketeers carried the day when the NEC resolution opposing entry on the Government terms was approved by five to one. 127 The venue of battle was now shifted to Parliament where the Government was to introduce the European Communities Bill. The House of Commons discussed the bill in a marathon debate lasting for six days. Since the Party Conference had already decided to oppose the entry terms, which was further approved by the Parliamentary Labour Party on 19 October 1971 by 159 votes to 89, a three line whip was imposed which meant, according to party rules and traditions, that party MPS should either vote with it or abstain. 128

Evidence of a revolt against the Party whip was however available during the course of the debate when a number of

126 Uwe Kitzinger, n. 122, pp. 309-19.
128 Uwe Kitzinger, n. 122, pp. 319.
pro-Marketeers such as Charles Pannell and Michael Stewart, the former Labour Foreign Secretary, declared that it was improper for the Party to make the terms an issue for not supporting the Government and that a Labour Government could not have obtained much better terms anyway or only marginally better.\textsuperscript{129} In his own speech Harold Wilson criticized forthrightly the entry terms and made it clear that a future Labour Government would give notice that it could not accept the terms negotiated by the Conservatives.\textsuperscript{130}

When the voting took place at the end of the debate on 28 October 1971 69 Labour MPS voted with the Government and 20 of them abstained giving the Government a majority of 112.\textsuperscript{131} The extent of dissension and strong feelings within the Labour Party was brought out in bold relief by the incident. With this division in the Parliament the Labour Party entered into one of the most difficult periods in its history after the 1930s when the threat of a split became a real possibility. According to Harold Wilson, in his thirteen years as Leader of the Party he had no more difficult tasks than keeping the Party together on this issue during this period.\textsuperscript{132}

The whirlpool of Common Market controversy had not spared the Conservative Party either. There had remained within the Party a sizeable group of anti-Europeans who were not convinced that

\begin{itemize}
\item \textsuperscript{129} UK, Commons, \textit{Parliamentary Debates}, Session 1971-72, Vol. 823, Cols. 1285-1292 and 1516.
\item \textsuperscript{130} Ibid., Cols. 2081-2104.
\item \textsuperscript{131} UK, Commons, \textit{Parliamentary Debates}, Session 1971-72, Vol. 823, Cols. 2212-2218.
\item \textsuperscript{132} Harold Wilson, \textit{Final Term: The Labour Government, 1974-76} (London, 1979), p. 51.
\end{itemize}
Britain should join the EEC. Leading lights among them were Neil Marten, Sir Derek Walker-Smith and Enoch Powell. In their view Britain was in a special position in contrast to the West European countries on account of its history and institutions; and political union for the six Common Market countries which had much more in common would be a re-union and a rediscovery while for Britain it would be a departure and a divergence. ¹³³ They also entertained misgivings and fears about its impact on Commonwealth links which were so important and dear to the British people. ¹³⁴

But this wing of the Conservative Party was never as powerful and influential as the anti-Marketeers in the Labour Party. Their voice was not decisive in the principal policy making organs of the Party either. Their main weapon was the weight of their appeal to the emotions and sentiments of the British public about the break with the long tradition of British history.

The pro-European leanings of the Conservative Party were substantially buttressed after the leadership of the Party was taken over by Edward Heath in 1965. Heath belonged to the generation of Conservatives who had been most fervently inspired by the pioneering moves for European integration. The regeneration of Europe through unity and common action, ensuring a strong and effective European role in world affairs, had become an article of faith for them. The failure of the first application had been disappointing to them but hope still flickered in Conservative hearts. The official Conservative position preceding and during

¹³⁴ Ibid., Cols. 1699-1701.
the second application in 1967 was one of constant encouragement
and support. Resignation of De Gaulle in 1969 and the change
of Government in 1970 gave them the opportunity to realize their
cherished dream.

For Edward Heath, membership of the European Community was
one of the means to increase British influence in the wider world,
especially international agreements covering world trade and pay-
ments so important for Britain's international trading position
and for its prosperity. In the Parliamentary debate on the
European Communities Bill on 28 October 1971, after negotiations
with the EEC had been completed, Heath referred to his life long
"vision of a Britain in a united Europe; a Britain which would be
united economically to Europe and which would be able to influence
decisions affecting our own future ..." He wanted "Britain as a
member of a Europe which is united politically and which will enjoy
lasting peace and the greater security which would ensue".

In his zeal for Europe Heath carried most of his party with
him, though not always by persuasions, except the diehard Conser-
vative anti-Marketeers, — some 39 of them — who voted against
the Government in a free vote. At the Conservative Annual Confer-
ence two weeks earlier 2,474 had voted for the motion endorsing
Government policy of taking Britain into the EEC on the terms nego-
tiated and only 324 voted against. However, the debate at the
Conference and in the Parliament had shown that though the number of anti-Marketeers within the Conservative Party were fewer than those in the Labour Party, some of them, like Enoch Powell and Sir Derek Walker-Smith were men of considerable standing and reputation both in the Party and the country at large. Enoch Powell attracted a lot of attention due to his eloquence on the issue as well as due to the fact that he had already become a controversial politician on account of his very vociferous and provocative campaign against coloured immigration into Britain. He declared at the Annual Party Conference that the proposed Government action to take Britain into the EEC would mean the end of independence of Britain as a nation and transfer of Parliamentary sovereignty to the EEC institutions, a course he was not prepared to accept. 139

Thus it was a deeply politically devided Britain that Edward Heath took in the European Community. From a historical perspective, however, the significance of the occasion can hardly be underestimated.

With the successful completion of negotiations followed by the signing of the EEC, ECSC, and Euratom treaties by Prime Minister Edward Heath in January 1972, and, finally, by the accession of Britain into the Communities on 1 January 1973 an important chapter in Great Britain's relations with Europe in the post-Second World War era was brought to an end. It took Britain many years to make up its mind to formally join the European Community. Once the decision to join the EEC was taken in 1961, there was however no turning back and the drift towards Europe continued under both Labour and Conservative Governments despite the two French vetoes

and a largely unenthusiastic public opinion. The nation's policy makers had come to realise that in the changed circumstances of the 1960s and 70s when Britain was no longer the hub of a world wide empire the viable option open to it was to join Europe, the continent of which it had been a part culturally, but not so geographically historically or emotionally.