Chapter 6

LABOUR'S RENEGOTIATION OF THE TERMS OF ENTRY AND THEIR SUBMISSION TO REFERENDUM


2. Labour's 1971 Annual Conference opposes entry into EEC on Tory terms - demands that the entry be submitted to a general election before Britain joins - FLP decides to vote against the Government motion on the Principle of Common Market membership - pro - Marketeers defy FLP directive.


4. Labour wins 1974 General Elections - Callaghan, the Foreign Secretary demands renegotiation on the terms of the entry with the EEC - Growing signs that the Labour Government would not quit the Common Market -
but the party outside the Government still opposed to membership.

5. The Paris Summit (1972) - Britain obtains agreement on change in budgetary mechanism.


7. Dublin Summit in March 1975 - substantial agreement on Britain's renegotiation terms - Cabinet endorses renegotiated terms - House of Commons approves renegotiation terms and continued British membership of EEC - Special Labour Party Conference votes against membership.

8. Britain votes overwhelmingly at referendum in favour of continued membership of the EEC.
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The 1970 General Election replaced the Labour Government by a Conservative one. The defeat of the Labour Party brought some surprise since there was a general expectation of the Labour retaining power. An important legacy of the Labour Government was that, for the first time, all the Six of the EEC were ready to accept Britain as its member. Now Britain had Edward Heath, the Conservative Prime Minister, who was the most consistent and vocal supporter of Britain's Common Market membership. Not surprisingly, therefore, the Conservative Government pursued Britain's membership issue as the first and immediate foreign policy priority.

Negotiations with the 'Six' were opened in preparatory manner first at deputies level in September 1970. Subsequently the talks were elevated to ministerial level with Geoffrey Rippon as the Minister in charge of European negotiations. The negotiations between the EEC Council of Ministers and Rippon were making steady progress and by the year end it seemed agreement was possible on major issues, except Britain's financial contribution to the Community. Thus by January 1971 Britain and the EEC could reach broad understanding on agriculture, industrial tariff, Commonwealth
and transitional arrangements. Community finance alone was a major issue pending agreement.

When there was a two-day debate in Parliament from 21-22 January 1971 on the progress of negotiations, the Labour spokesmen maintained that there was no change in the Labour's European policy. Harold Lever speaking for the Labour Party said that "I believe in this situation there are opportunities and dangers, but my view is that if we stay out of Europe the dangers will be greater and the opportunities will be less." He, however, did not forget to caution that "if the right terms are obtained Britain should join." Nevertheless, an anti-market motion — sponsored by the Tribune Group and signed by more than 100 MPs was planned to be tabled. But the motion was disallowed by the speaker on procedural grounds. The motion viewed

with abhorrence the prospect of Her Majesty's Government signing the Treaty on any terms even with the approval of Parliament without giving the electorate as a whole an opportunity of registering a view by referendum organized for that purpose.

The demand to refer the Common Market issue to a referendum thus faced for the first time, which was to assume greater


Wilson did not participate in the debate. But on the eve of the debate he told the PLP that "the position of the Labour front-bench is what it was in government. We have put in an application to join and do not propose to withdraw it."  

About three weeks later, speaking to the Parliamentary Council of European Movement on 13 February 1971, Wilson said:

I believe that it will be for the good of Britain and good of Europe, and it can mean a strengthening of Europe's voice in the world, if terms can be agreed which enable us to enter the Community.  

Rival groups within the Labour party were renewing their respective campaigns.

As the terms were progressing, the anti-marketeers within the Labour Party became more active and to counter them so did the pro-marketeers. Even Labour's shadow Ministers did not wait long for the final outcome of terms. Thus in November 1970 Shadow Minister, Peter Shore, considered to be Wilson's political confidant was dropped from the Shadow Cabinet for his increasingly anti-market speeches.

Another Shadow Minister, Fred Peart, was retained on the
promise that he would not actively campaign against entry.5
In the PLP the anti-marketeers counted more than their
rivals. As The Guardian reckoned in December, the anti-
marketeers counted between 100-120 while the fully committed
pro-marketeers were 35. About 25 needed strong persuasion
to stand against entry.6 The fact that the party was out
of power and hence no need of patronage; reluctance to
accept 'Tory' terms of entry; and the presence on the
front-bench of many non-enthusiasts of the membership appear
to be major causes of growing anti-marketeer strength.
The anti-marketeers signed the Tribune Group sponsored
motion more to make a show of their strength. An additional
factor in contrast to the 1966 election was that the new
Labour intake of the 1970 Election were not favourably
inclined to the European option.

On the pro-marketeer side, Roy Jenkins, the Deputy
Leader of the Party, agreed to become the Honorary President
of the British Council of European Movement.7 Anti-marketeers
questioned the propriety of the party's Deputy Leader accept-

7. Uwe Kitzinger and David Butler, The 1975 Referendum
ing such position. On the other hand, Wedgewood Benn, now a pro-marketeer, demanded referendum before entry into the Common Market. Benn was the first front-bench Labourite to demand referendum. The demand was later made by the Transport and General Workers Union (TGWU) in December 1970. The biggest show of pro-marketeers strength was made in May when 100 Labour MPs including 8 Shadow Ministers and 23 Labour Front Benchers signed a declaration which was also signed by Willy Brandt, the West German Chancellor, Signor de Martino, the Deputy Prime Minister of Italy, and Guy Mollet, the French Socialist leader. The declaration read that:

the causes of social democracy, world peace and economic advance in both developed and developing countries would be strengthened by the addition of the United Kingdom, Norway, Denmark and Ireland to the European Economic Community.

With the rival groups making contending claims and the Heath Government's negotiations with EEC making heady progress, pressure was mounting on Labour's Leadership to come out clearly on the terms negotiated so far. The official line of the party was to wait until the final outcome

of the negotiations. In fact the general situation in the party was reminiscent of the one prevalent before Gaitskell's Common Market speech in 1962. Thus in January 1971, twelve trade union leaders including those of Transport and General Workers Union (TGWU), National Union of Miners (NUM) and National Union of Amalgamated Engineers (NUAE) challenged the Labour Party to 'come off the fence' over the Common Market issue. These leaders, all opposing entry, called on the trade union movement "to ensure that not one member of the Labour Party enters the lobby to vote in favour when the time comes." Wilson, however, denied repeatedly that "we are not sitting on the fence", but he also said, "I doubt whether you could take a divided country into the Common Market."

On 23 June 1971 at a Summit meeting at Paris Heath and Pompidou agreed upon the final terms of negotiations between Britain and the EEC. After the Summit the Government published a white paper setting out the principal terms of agreement and a fresh assessment of the case for membership. The major terms that the white paper, which was published on 7 July contained were as follows.

12. *Command Paper 4715, United Kingdom and the European Communities: Terms of Membership.*
Agriculture: The Common Agricultural Policy (CAP) would be adopted by Britain by six steps over five years of transitional period. These will be equal steps subject to 10 per cent tolerance up or down if needed in the interests of flexibility. The deficiency payments system of Britain will be phased out over the transitional period.

Industrial Tariff: Tariff between Britain and the EEC will be eliminated in five equal stages, starting three months after accession, with a 20 per cent reduction at each stage. The Common External Tariff (CET) will be applied to Britain with a 40 per cent alignment on 1 January 1974, followed by three 20 per cent reductions, the last stage scheduled on 1 July 1977.

Budget: Britain agreed to pay 8.64 per cent of EEC budget in the first year after entry and to increase its contribution from progressively to 18.92 per cent in 1977. Britain would also have two further years of adjustment, if necessary, beyond transitional period.

New Zealand: New Zealand's guaranteed cheese exports to Britain would be reduced to 20 per cent by the end of 5 years, with no guarantee after the period. Better exports would be reduced to 80 per cent with the same transitional periods.
Commonwealth: All Asian Commonwealth nations would "benefit from the generalised preference scheme of the enlarged community" and all African Commonwealth states and also Pacific would be given the choice of association or trade agreements with the EEC.13

On 18 July 1971, Labour Party held a Special Party Conference (SLPC) on the Common Market issue. The decision to hold the Conference was taken in April by the NEC under pressure from the anti-marketeers. Wilson, however, prevailed upon the NEC to decide that the SLPC should only 'take-note' of the Conservative terms negotiated, without taking decision on entry. He wanted to reserve his position until after the 'Take Note' debate by the Parliament from 21-24 July. Speaking at the SLPC, Wilson said a Labour Government would have rejected the present terms. His major targets of attack were the white paper and Heath. Disapproving the arrangement for Commonwealth sugar, Wilson said that Geoffrey Rippon, the Government Common Market negotiator failed to receive binding safeguards from the EEC. On capital movements, the Government negotiated away safeguards against speculation and "greatly endangered our reserves, our employment position and our ability to

13. Ibid.
build up capital investment in industry." He criticised the Government's failure to quantify the expected cost of entry on balance of payments. On this issue Wilson was rather exposing himself. For, the Conservative terms of entry, no doubt, had not quantified the burden that membership of the Common Market might impose on Britain's balance of payments. But the Labour Government's white paper on the costs of Common Market membership issue in February 1970 also could not produce a sound estimate of such burden. The Labour's white paper put the burden of entry on balance of payments anywhere between £100 millions to £1000 millions which was dubbed by George Brown, Labour's former Foreign Secretary, a "monstrosity". In fact the Labour Government's calculation of cost of entry on balance of payments was the chief target of criticism.

As far as the agreement on New Zealand dairy products was concerned, Wilson said, that "there is no long-term agreement whatsoever for New Zealand trade after the rundown in butter and cheese imports over the next five years." Concluding his speech Wilson declared that "if negotiations produced the necessary safeguards, the Labour


(of 1966-70) would have recommended entry to the Parliament."16 Wilson denied there was any change in Labour's Common Market Policy.

During the debate, George Thomson, a pro-marketeer and the Labour Minister in charge of EEC negotiations under the Wilson Government disputed Wilson's arguments against the terms. Thomson said that the Conservative terms would have gone through a Labour Cabinet and it was always recognized that "there was a significant entrance fee to be paid from our balance of payments. I do not believe you can quantify them."17

A motion asking the Conference to oppose entry on the Government's terms and submit the entry question to a General Election was rejected by the Conference.

During the 'Take Note' Debate by Parliament on 21-24 July, the Labour Party, as decided earlier did not take any definite position. Nor was there any change in Wilson's stand from that of last week's special conference. He criticised the terms of entry on the same grounds as he had done last week. He analysed the groups on the Common Market issue, as falling into three: the first two groups markedly

17. Ibid., p. 29.
anti and pro-market and the last if terms were in the interests of the country. Wilson maintained that the Labour Party's position from 1962 to the present day was the last one.

Wilson repeated that "as I have always said, that the terms must be right and that we should judge by the terms." Later in a T.V. interview Wilson said that he would not have recommended the terms to his Labour Cabinet. "I regarded them as unsatisfactory, inadequate and in certain respects crippling for Britain," said Wilson.

As far as the general quality of the debate in the Parliament on the question of Common Market membership was concerned, it was little different from the arguments for and against membership put forward in early sixties. As Miriam Camps observes: "The great debate on joining the Common Market that is taking place in this country, is for the most part, a tired replay of that in 1961-63." Wilson's contention that his Labour Cabinet would not have recommended the present terms was bitterly contested

by some former members of the Wilson Cabinet. George (Lord) Brown contesting Wilson's argument said:

My memory most clearly is that we jointly recommended our colleagues that we should make an unconditional application for entry, and added to this recommendation our strong view that if our entry were conceded, a satisfactory solution for New Zealand would emerge.21

Another member of the Wilson Cabinet Roy Jenkins too argued on above lines. Jenkins, at a PLP meeting said that the terms would have been adopted by the Labour Cabinet. "I believe that these terms were as good as those with any knowledge of the situation could realistically have hoped to get certainly in 1967 with de Gaulle in power and almost equally today",22 said Jenkins.

In October 1971, the Labour Party held its regular annual party conference. The conference was asked to adopt the NEC resolution on Common Market opposing entry "on the terms negotiated by the Conservative Government." The NEC resolution also called on the Conservative Prime Minister "to submit to the democratic judgement of a General Election."23 whether Britain should join the

22. Ibid., 20 July 1971.
Common Market. The NEC resolution was carried overwhelm-
ingly by the conference.

Many speeches made at the conference were anti. The anti-marketeers in fact were jubilant that the party recommended rejection of the terms negotiated by the Government. Though Wilson did not speak, the NEC objections to the terms reflected Wilson's objections. An important element of the conference deliberations was that rejection of the Government's terms were equal with the overthrow of the Government itself. In fact, Common Market was an important ploy in the Labour's strategy to defeat the Conservative Government, since the ruling party itself was deeply divided over the issue. It was this factor that was toughening the Labour Party's position on the Common Market. Thus speaking at the conference, James Collaghan said: "The first thing, therefore, to be said is that it is our job on 28th October to get the Tories out of office ..." He also stated that "Europe should know that an incoming Labour Government will seek to reopen this principle and negotiate the details."24 On 28 October, the Government would seek the House votes on the principle of joining the Common Market.

24. Ibid., p. 134.
In less than two weeks after the Annual Conference, the Shadow Cabinet decided that the PLP should oppose the terms of entry. However, it rejected a suggestion that a call for general election on Common Market be given.

Both the NEC's and Shadow Cabinet's decision to oppose terms and vote against them when the Government is going to seek Parliament's vote on the terms on 28 July was intended to defeat the Heath Government on the floor of the House. It was widely expected that the Conservative Government would not get through its motion unless the Labour pro-marketeers support it. At least 30 Conservative MPs were expected to vote against the Government's motion.

On the eve of Parliament's debate, the anti-marketeers tried to exert every kind of pressure on the pro-marketeers to approve the Government's motion. The anti-marketeers morale was further boosted when the party leadership decided against the terms and imposed a three-line whip on the PLP to vote against Government. About 101 anti-marketeers of the PLP signed a letter to Roy Jenkins, the pro-marketeer leader and deputy leader of the party, asking him to vote with the party.25 The letter originated with the Tribune group, though some centrists too signed it.

On the other hand, the pro-marketeers insisted that they were standing on principle and that the Labour Party could not take a decision opposing its own decision to enter in 1967. They also argued that voting for entry was not synonymous with voting for a Conservative Government. As Jenkins replied, "My decision to vote for entry has never been in doubt. I do not regard this as in any way supporting the Tory Government, but as a vote for European socialism ...." 26

Relations between the two groups, hence, were tense on the eve of Parliament's debate. After the debate when voting took place, 69 Labour MPs voted for the Government motion while 20 abstained. The Government motion was passed by an overall majority of 112. The Conservative votes in favour of entry (289) exceeded all the votes against entry (244) by 38. If all the Labour MPs (289) voted against the Government, Conservative vote for entry would have been 5 less than the Labour total. 27 Thus there would be a threat to Government's consequential legislation, if the Labour pro-marketeers had not voted with it as they decided to do so.

26. Ibid.

After the vote, bitterness was rife between the Labour's anti and pro-market groups. The anti-marketeers threw accusations of 'traitors', against their rivals.\textsuperscript{28} The pro-marketeers, on the other hand, were jubilant and felt that this voting was a direct challenge to the leadership of Harold Wilson. Wilson himself described the voting as a 'very disturbing result', and he expressed surprise that so many Labour MPs voted for entry including about 30 former Labour Ministers.

By now it became increasingly clear that the Labour Party leadership shifted its position on Common Market from what it was when in power. It could also safely be argued that the question of Common Market did not remain in the hands of the Labour Party as a prime issue of Britain's foreign policy that should be put above the party interests. On the other hand, what was regarded as a national issue in 1967 was reduced to a partisan issue.

Wilson played no less a role in changing his party's common market policy. The pragmatic Labour leader, who never was an ardent European, and regarded party unity as of highest importance, found it difficult to maintain consistency, particularly in view of the growing anti-

\textsuperscript{28} The Daily Telegraph, 29 October 1971.
marketeers force in his party. Wilson himself testified to this. When, in a T.V. interview in July, he was questioned on the charge that he was putting his party before nation, the Labour leader said: "I regard it as my job to keep party unity. This, of course, is what I am trying to do. But this is in my view the right decision for Britain."29 On another occasion, reacting to the pro-marketeer Jenkinites lobbying against leadership, Wilson warned that his concern was to ensure "a united and vigorous party to lead, and one which - whatever honestly held views have divided us on Europe, or on other major issues of policy - will be ready to go forward, once that decision is taken, in total unity."30 In other words, Wilson was demanding allegiance from his partymen to that of the party line, irrespective of the individual views held, in the name of the unity.

In the early seventies there was a general leftward tendency and move to radicalism within the Labour Party and the trade union movement. The Conservative Government's policies of industrial legislation and wage restraint produced acute industrial crises. Unions turned militant and in some cases, as the Miners' strike, took recourse to

direct action. For the first time since the General strike, the hint of an alternative to parliamentarism appeared on the agenda and required some response from Labour politicians.31 The Labour party as the 'alternative party' and party of the workers, could hardly adopt policies that would alienate it from the mood of its rank and file. Moreover, the Labour party was making serious attempts to gain the full confidence of the trade union which it lost in late sixties.

In a political situation like this the party leadership could hardly afford to recommend entry on Government terms since opposition to the Common Market always came from the left. Common Market became a plank to appease the left and unions and to defeat the Heath Government. The holding of the Special Party Conference, the rejection of the Government terms, and the demand to submit the Common Market issue to General election were all concessions to the left and the anti-marketeers.

Wilson also had to shift his position in order to safeguard his own position as the leader of the party. In the PLP anti-marketeers were in domination and Callaghan, a serious aspirant to the leadership already took an anti-

market position. Moreover, Callaghan was thought to be nearer to the pulse of the party, particularly since the Industrial Relations Bill of 1969. If Wilson took a pro-market position, the anti-marketeers might vote Callaghan and the pro-market votes might divide between Jenkins (if he entered field) and Wilson. Wilson's position, hence, would be in jeopardy. Therefore "his way of demonstrating his authority was to identify himself with the majority view in the party - hence his increasingly anti speeches."32

Compulsions of party politics thus forced Wilson to adopt a line on Common Market which was at variance with his earlier stand. As Avi Shlaim, a keen observer of British political scene sums up:

The source of the abrupt change of attitude to EEC must be sought in internal Labour Party politics and more specifically in the breakdown of the fragile internal consensus on the question of Europe which underlay the 1967 application and development of a bitter feud between the pro-marketeers and anti-marketeers which threatened to split the Labour Party.33


The logic of this trend led to the adoption of more tough and even unprecedented policies on the Common Market issue. The Labour leadership used every opportunity in the Parliament during the Common Market debates, either by moving amendments or tabling censure motions.

On 23 March 1972, the NEC passed by 13-11 votes a resolution favouring the submission of the Common Market entry to referendum. A week later, the Shadow Cabinet decided to move an amendment to the Government Bill demanding submission of the question of entry to a referendum. The demand for referendum was being canvassed by Wedgewood Benn for more than a year. Though Benn was a pro-marketeer when he first made the demand, subsequently referendum came to be associated with anti-marketeers. The pro-marketeers consistently opposed the idea.

Protesting against the adoption of referendum, the pro-marketeers led by Roy Jenkins, George Thomson and Harold Lever resigned from the Shadow Cabinet in April 1972. Lord Chalfont, Dick Tavern and Dr. Owen, other pro-marketeers too resigned from the Shadow Cabinet.

The pro-marketeers argued against a referendum mainly on two grounds. That referendum was against the British Parliamentary system and therefore constitutionally a question-
nable proposition. As Harold Lever pointed out in his resignation letter, "its advocacy, let alone its implementation is likely to damage seriously our parliamentary system." Referendum "is a profoundly reactionary constitutional mechanism," said George Thomson. Wilson himself was on record saying that referendum was "contrary to our traditions in this country." Whatever be the pro-marketeers case against referendum, its adoption was certainly a triumph of the anti-marketeers, and the left in particular. It was "part of a wider strategy for the left wing of the Labour Party to enforce its will on a reluctant leader and his close supporters."35

The 1972 Annual Labour Party Conference resolved to renegotiate the Conservative terms on the Common Agricultural Policy (CAP), and the budgetary contribution by Britain to the EEC. If renegotiations were successful, they would be placed before people either through a general election or consultative referendum. But the "standards by which to judge whether renegotiation had been successful were not, and never have been, clearly defined."36

34. Quoted in, Stanley Alderson, Yes or No: Referenda in the United Kingdom (London, 1971), p. 49.


If both the tests, renegotiation, and majority approval by people are passed Britain would play her full role in Europe. On the other hand, if renegotiation do not succeed,

we shall not regard the Treaty obligations as binding upon us. We shall put to the British people the reasons why we find the terms unacceptable, and consult them on the advisability of negotiating our withdrawal from the Communities. (Emphasis added). 37

Labour’s threat to withdraw from the EEC if renegotiation was not successful bore serious implications. Apart from the domestic consequences, a future withdrawal would question Britain’s faith in honouring international treaties. Later in his speech in the House of Commons on 29 October 1971, Wilson said that “one Parliament cannot bind another” and hence “we could not accept the terms negotiated by the Conservatives.” 38 Thus

the threat to sabotage the working of the Treaty (of accession) has serious implications. It is a blow to the inviolability of international obligations in general and must cast doubts on Britain’s reliability as an ally and partner.

...there is a theoretical conflict between the principle of British constitutional law and the


Treaty of Rome, which is of indefinite duration and does not provide for a withdrawal of members.39

The 1972 Conference undoubtedly strengthened the anti-marketeers. However, they were to go a step forward in leading their party against not only the Rome Treaty, but also the Council of Europe. The 1973 Conference of the party voted overwhelmingly to boycott the European Parliament at Strasbourg until the British people decided whether Britain should remain in Common Market or not.40

The decision to boycott the Strasbourg Assembly was the final culmination of the Labour Party's shift from the 1967 policy. The upturn in Labour's European Policy becomes more obvious when one is reminded of Wilson's passionate speech in 1967 at the Strasbourg Assembly. The final swing against the 1971 entry terms and the decision to withdraw from the European Parliament was taken under the trade union pressure. Trade union opposition during early seventies to the Common Market was remarkable. One of the important reasons for the Trade union's opposition was that "membership, especially if economic union were achieved, would undermine its (TUC's)


own influence which in Britain has been so very great."41

Labour Party won the February 1974 General Elections
with 17 seats short of overall majority. This was the first
minority Government since 1929.42 Though Common Market was
not a major electoral issue, yet it is opined in some circles
that Enoch Powell's defection from the Conservative Party and
"his appeal to all opponents of the Market to vote Labour
probably ... may have contributed to Labour's successes in
West Midlands."43 In fact, "the Labour anti-marketeers
prove(d) to include a larger proportion of people with
favourable feelings towards Enoch Powell than did the other
categories of Labour supporters."44 The Labour manifesto,
for the election promised 'fundamental renegotiation' of
the Common Market terms and present the results to the electo-
rate. It proposed to renegotiate the following:

1. "major changes in the common agricultural policy,
so that it ceases to be a threat to world trade
in food products, and so that low-cost producers
outside Europe can continue to have access to the
British food market";

41. Gerald A. Dorfman, "From the Inside Looking out, the
Trade Union Congress in the EEC", Journal of Common
42. David Butler and Dennis Kavanagh, The British General
43. Peter Byrd, n. 36, p. 478.
44. Bo Særlvik, et al, "Britain's Membership of the EEC: A
Profile of Electoral Opinions in the Spring of 1974 -
with a Postscript on the Referendum", European Journal
of Political Research, vol. 4, no. 1, 1976, p. 79.
2. "new and fairer methods of financing the Community budget;"

3. no economic and monetary union such as would compel Britain to "accept increased unemployment for the sake of maintaining a fixed parity;"

4. "the retention by Parliament of those powers over the British economy needed to pursue effective regional, industrial and fiscal policies;"

5. "an agreement on capital movements which protects our balance of payments and full unemployment policies;"

6. Better safeguards of "the economic interests of the Commonwealth and the developing countries;"

7. "no harmonisation of value-added tax which would require us to tax necessities;" 45

Shortly after taking over as the British Foreign Secretary, James Callaghan called for renegotiation of terms in a speech to the EEC Council of Ministers at Luxembourg. Callaghan's speech which was published as white paper, was strongly worded and contained a large verbatim passage from the Labour's manifesto, demanding renegotiation on the aforesaid seven points. He said the Labour Government intended to "stop further processes of integration, particularly as they affect food taxes."

Then Callaghan clarified, "our initial approval will be to seek changes in the Community's policies and decisions

which will meet our needs.\textsuperscript{46} He, however, reserved the right to propose changes in the EEC treaties. Not a word was said about the importance of the European Community to Britain and the speech "implicitly treated the Common Market as an arrangement with which Britain has become stuck and from which it would seek to extricate herself if far-reaching changes are not forthcoming."\textsuperscript{47}

The general reaction of the other Foreign Ministers was restrained but the sharpest came from the French Foreign Minister, Michael Jobert. He pointed out that the original 'six' of the EEC paid a fair price to take Britain as their member and saw no reason to pay a supplement to keep Britain inside. He, in effect, gave a\textit{ non} to any renegotiation involving changes in the Treaty of Rome.\textsuperscript{48} At home, the sharpest indictment on Callaghan's speech came from the\textit{ Financial Times} which called his speech 'blunt to the point of rudeness'.\textsuperscript{49} The President of the European Parliament Cornelis Kerkhoven was constrained to say that the British

\textsuperscript{46} Command Paper 5594,\textit{ Renegotiation of the Terms of Entry into the European Economic Community.}

\textsuperscript{47} Avi Shlaim, n. 30, p. 853.

\textsuperscript{48} \textit{The Financial Times} (London), 26 April 1974.

\textsuperscript{49} Ibid.
The British Foreign Secretary appears to have adopted a tough position at the Council of Ministers for the following reasons. He wanted to take a strong bargaining position in the very beginning in the hope that when actual renegotiations take place, he would get 'agreeable' terms. But Callaghan's speech aimed mainly at appeasing the anti-marketeers at home, by inserting the manifesto, since the antis feared that once in office, the party leadership might go soft on the issue. His idea was to hold "the balance of forces inside the Labour Party against those who are determined to make renegotiation mean exit".

When Callaghan made his renegotiation speech in June 1974, he was facing an altered leadership in Europe. President Pompidou of France passed away in April and he was succeeded by Giscard d'Estaing. In West Germany, Helmut Schmidt succeeded Willy Brandt, who suddenly resigned as Chancellor. The three earlier leaders, Pompidou, Brandt and Heath were all committed Europeans, though each in his individual style.


On the other hand their successors were known for their pragmatic outlook. In fact "the Europe of those with a long-range political vision was being replaced by a Europe of an altogether more down-to-earth and pragmatic kind." 52

On 4 June, at the Council of Ministers, Luxembourg, Callaghan made a detailed exposition of Britain's renegotiation terms. Two of the seven items in the Labour's manifesto - capital movements and Value Added Tax - that Callaghan demanded in April at Luxembourg were de-emphasised this time. Because there was "nothing to negotiate about them. Where capital movements threaten the payments position of a member state, the imposition of controls was already permitted, and the SEC directive (of 11 April 1967) on VAT allowed member states to zero-rate items for social purposes." 53 Nonetheless these developments were not known to the British Foreign Secretary at the time of drafting of his Party's manifesto or when he read the same in April at Luxembourg meeting. At the latest meeting of the Council of Ministers, Callaghan sought "changes in the policies and decisions of the Community in the fields of Community budget, the CAP, Commonwealth and developing countries, and regional and industrial policy."

Callaghan said he would seek "improvements by way of changes in the Community's policies and decisions in preference to proposing changes in the Treaties themselves."

Finally dispelling any doubts about Britain's earnestness in renegotiating the terms, the Foreign Secretary said:

I can only say that if the United Kingdom was negotiating in order to achieve a negative answer and a breakdown I would not go about presenting our case in the thorough way we have chosen, in addition to playing our full part in the on-going work of the Community and in proposing solutions that can be reached without disrupting the Treaties.

Concluding his speech, Callaghan said that if negotiations were successful they would be submitted to a referendum and "in submitting the results of the renegotiation to the British people, we shall make clear our verdict on what has been achieved." In short, the Labour Government would recommend the terms if it finds them acceptable. Even Frederick Peart, Minister for Agriculture and a staunch anti-marketeer conceded on this point. Moreover, Callaghan's speech does not say what would be his Government's policy if renegotiation was unsuccessful. Compared to the April speech, his speech was certainly conciliatory.

54. Command Paper 5593: Renegotiation of the Terms of Entry Into the European Economic Community.
By June, in fact, there had been some moderation in Labour Government's European Policy. Though the boycott of the European Parliament continued, Callaghan lifted British objections to a package of measures designed to increase the Parliament's powers. Britain also unblocked discussions which then were taking place with the African, Caribbean and Pacific countries (ACP) within the framework of the Lome Convention. Many Labour Ministers had also been attending different ministerial councils, on agriculture, on development aid, on transport, on finance, and "playing a most unconstructive role in dealing with this current problem of the Community."\(^56\) Hence for many observers these minor approaches plus Callaghan's conciliatory speech "marked the determination of the Labour Government to stay in the Community if it possibly could."\(^57\)

The fact that Callaghan's speech marked some positive change in Government's attitude could also be seen in the anti and pro-marketeers' reactions at home. Anti-marketeers, Douglas Jay, Norman Atkinson of the Tribune Group and others complained that the Foreign Secretary's speech omitted two pledges in the Labour's manifesto. They were: right to economic self-management and retention by the British Parlia-

56. Ibid.
57. Ernst Albert, n. 50, p. 404.
ment of the right to reject Common Market decisions. 58

On the other hand, the pro-marketeers were happy over the speech. The Labour Committee for Europe in a statement welcomed the "positive nature and character of the Foreign Secretary’s speech." 59

By the time of the next General Election in October 1974, there emerged what might be called a bipartisan stand on Labour Government’s renegotiation policy. On 18 July, the Conservative Shadow Minister of Foreign Affairs, Rippon extended his party’s support to Government's renegotiation so long it did not lead to withdrawal. Rippon said:

what in fact is happening is the continuing process of negotiations within the terms of the treaties and in my view the Government deserves general support for what they are seeking to accomplish. 60

Labour’s manifesto for the October 1974 General Election pledged that:

within 12 months of this election we will give the British people the final say, which will be binding on the Government - through the ballot box - on whether we accept the terms and stay in, or reject the terms and come out. 61

59. Ibid.
As usual, Common Market was not a major issue in the election campaigns.\(^6^2\) This time the Labour won by an over all majority of only three seats, reminiscent of the 1964 election victory.

Shortly after election, the Labour Government made it known that Britain was going to remain in the Common Market. Thus Callaghan, who retained his post said in November that "we are now so enmeshed in the Market that coming out would be quite a traumatic experience .... Coming out of the market would be a very difficult thing from not going into Market."\(^6^3\) The Foreign Secretary made this statement on the eve of the Annual Labour Party Conference in full knowledge of the fact that a majority of the Labour membership was still opposed to Britain's EEC membership. The Prime Minister Wilson himself made an important statement to that effect after the conference. Addressing the London Labour Mayors' Association, Wilson said, "provided we get the right terms ... I shall commend them to the British people and recommend that we should stay in and play our full part in the development of the Community."\(^6^4\) Wilson also expressed satisfaction that substantial progress had been made in renegotiation. The Prime Minister thus made clear the Government's position on

\(^6^2\) David Butler, n. 42, p. 235.
\(^6^3\) Ibid., p. 237.
\(^6^4\) The Sunday Times, 8 December 1974.
what was not made so far: whether the Government would recommend entry or stay neutral and let the public decide.

The immediate reason for the Prime Minister to spell out his position seemed to be the influence of two European leaders. Wilson met Chancellor Schmidt when the latter was in London on 1 December 1974, to address the Labour Party Conference. The Prime Minister also met the French President d'Estaing in Paris soon thereafter. Both the leaders made it clear to Wilson that they could not be expected to tackle the issue of modifying budgetary contribution unless they got advance promise from Wilson, that in return he would commit his Government to recommend Britain's continued membership. It may also be noted that in less than a week the Paris Summit of European leaders was to take place.

The Party Conference held on 27-30 November 1974, the anti-marketeers used the platform to stiffen the Government's stand on the Common Market issue. An emergency resolution which demanded a special conference to "determine party's standpoint on all issues at the referendum" was passed. The anti-marketeers also argued that:

There is no fundamental renegotiation possible if you accept in broad principle the Treaty of Rome and the Treaty of Accession. We demand

fundamental renegotiation, not acceptance of
the Treaty of Rome and the Treaty of Accession.66

Anti-market mood was certainly dominant at the Conference.
The EEC itself was left-dominated and also the trade unions
that were largely turning against continued membership.

The summit meeting of the nine heads of government of
the EEC held on 9-10 December 1974 in Paris. It was the
last European Summit and first European Council, as the
French President put it. Among the several agreements, the
Summit agreed, with reference to Britain's budgetary contri-
bution, that:

- a 'correcting mechanism of a general application'
  would set up 'as soon as possible', to prevent the
  possible development of situations unacceptable for
  a member's state and incompatible with the smooth
  working of the Community....67

In fact this agreement was obtained after Wilson (during
the summit meeting) warned that "he could see no hope whatever
for successful renegotiations if the British demand on
Community's budget was not met."68 Wilson also subscribed
to important commitments on future European integration in

66. Report of the Seventy-third Annual Conference of the

67. Command Paper 5830: Text of the Communiqué Issued by
    the Heads of Government of the Nine States of the
    European Community at Their Meeting in Paris on 9th
    and 10th December 1974.

the joint communiqué issued. Thus on European Economic and monetary union, the European leaders affirmed that "in this field their will has not weakened and that their objective has not changed." They also agreed to set up a 'passport union' and the much delayed Regional Fund, though on smaller scale. The British leader, however, declined to commit his country on direct elections to the European Parliament. 69

Later Wilson was to express satisfaction, particularly over the budgetary achievement. He would thus say, "we have undoubtedly made progress." 70 Wilson's progress at the Paris summit meeting could partly be attributed to the conciliatory mood and the more pragmatic approach to European matters, particularly by the new French President Giscard d'Estaing. The summit "has confirmed a significant advance in constructive pragmatism on the part of the host government .... President Pompidou's gaullist insistence on an absolute distinction between EEC affairs and political cooperation ... has been quietly dropped by his successor. This victory ... for realism must inevitably have a direct bearing on the British decision about continued membership of the post-Paris Community." 71

69. Command Paper, 5830.
60. USK Kittinger, n. 52, p. 264.
The Paris Summit and the earlier statements by Wilson and Callaghan led to the growing impression among the anti-marketeers in particular that the Labour leaders were determined to continue Britain's membership. There was mounting criticism by the anti-marketeers, in and outside the Cabinet, that the Prime Minister and the Foreign Secretary had gone far beyond what was agreed at party conference and Cabinet.

In fact, Benn, the Industry Secretary in a letter to his constituents said that "there were no terms under which we could satisfactorily remain inside the Common Market." The recently agreed objectives of the Community at Paris Summit "would in effect make the United Kingdom into one province of a Western European State." Benn, who was a pro-marketeer earlier, converted into an anti-marketeer during the past two years. He was also emerging as a controversial politician on the British political scene with a considerable left-wing backing. Anti-marketeers inside the Cabinet led by Benn were insisting mainly on three points: First, there should be no formal recommendation of renegotiated terms by the Government to the electorate; secondly, Ministers should be free to speak and drop collective responsibility on Common Market question; and lastly, strict

limits on expenditure and equal time to the pro and anti
marketeers irrespective of party affiliation.73

Early in January 1975 the all-party National Referendum
Campaign (NRC) was formed to coordinate the activities of
several anti-market bodies including the Labour Common Market
Safeguards Campaign. Douglas Jay of the Labour Party, Jack
Jones, Clive Jenkins and Richard Bringshaw, all the three
leaders of important trade unions, were the active members
on the NRC. Its other members were from the Conservative
Party. The trade unions, the TCWU largely, were the main
financial contributors.

On the pro-marketeers side, the European movement,
under the dynamic leadership of Ernst Nistrich, vigorously
Campaigned for continued membership. Later, in early 1975,
Britain in Europe (BIE) was formed, with Roy Jenkins as its
President and Sir Con O'Neill as its Director. The BIE's
Publicity Officer, research officer and press officer were
all Labourites.74 Then there was the all-party European
League for Economic Co-operation (ELEC) which consisted of
many Labour members and Sir Geoffrey de Freitas as one of
its joint presidents. It was the BIE, with Jenkins at its

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73. Ibid.
74. Uwe Kitzinger, n. 52, p. 70.
helm that staged largest and expensive publicity for membership.

On 23 January the Prime Minister announced in the House of Commons that referendum on renegotiated terms would be completed before the end of June 1975. He said:

> *When the outcome of renegotiations is known the Government will decide upon their own recommendations to the country, whether for continued membership of the Community on the basis of the renegotiated terms, or for withdrawal, and will announce their decision to the House in due course.*

(Emphasis added).

The Prime Minister also made another important announcement, that the principle of collective responsibility would be waived so that the Cabinet members were "free to support and speak in favour of a different conclusion in the referendum campaign." Wilson took this step to avoid any anti-marketeers resigning from his Cabinet. The Prime Minister also promised a white paper on referendum procedure in February.

On 26 February 1975, the Government published white paper explaining in detail the procedure of referendum. The white paper phrased the question to be submitted to the electorate at referendum as follows:

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76. *Ibid., col. 1349.*
The Government have announced the results of the renegotiation of the United Kingdom's terms of membership of the European Community. Do you think that the United Kingdom should stay in the European Community?

Yes

No

The result of the referendum would be decided by a simple majority vote. Each opposing viewpoint on the membership would be allowed to present its case and a document containing each rival case along with a popular version of white paper would be supplied to each voter. 77

Anti-marketeers reacted sharply to the phrasing of the question in the white paper. They argued that the question should be rephrased to read:

Do you think that the United Kingdom should be a member of the European Community, or the Common Market? 78

The anti-marketeers in all their propaganda and publicity used the word 'Common Market' and therefore, all their campaign might run to waste if that word was not used.

77. Command Paper, 5925: Referendum on the United Kingdom Membership of the European Community.

78. Uwe Kitzinger, n. 52, p. 291.
Edward Short, the Lord President, however, said in the House that the white paper had 'Green edges', meaning that the details in it could be amended.

On 10-11 March 1975, the European Council met at Dublin. On the Council's agenda, among several issues were the Conference on Security and Co-operation in Europe (CSCE), energy crisis, the world economic crisis and Britain's demand for the renegotiation of entry terms. In so far as the last issue was concerned agreement was reached on two issues: the budget system and New Zealand dairy products. On budget it was agreed that a budget discount would be given to any country whose share of EEC wealth was less than its share of the budget, with a ceiling on total refunds from the EEC budget of 250 million units of account in any single year. The British also won two more budgetary concessions. In order to counter the inflationary effect on the above fixed amount, it was agreed that as soon as the EEC budget exceeds 8 billion units of account the maximum repayment becomes 3 per cent of the total budget expenditure. Moreover, even if a member country runs balance of payments surplus over 3 years, "it can continue to qualify for a refund to its VAT contribution, provided that it meets the other criteria."

The last provision modified the European Commission's original proposal that refund should be made only if a member country
ran balance of payments surplus for not more than three years.\textsuperscript{79}

The next agreement was on the New Zealand dairy products. Britain obtained the option to import cheese from New Zealand, even after 1977 when it was due to expire under the 1971 terms. The exact quota of end prices for New Zealand butter that came into Britain was to be worked out with the Commission to replace the 1971 accord.\textsuperscript{80}

Presenting the Dublin terms to the House of Commons, Wilson felt satisfied and triumphant. He said renegotiations had taken place as far as possible.\textsuperscript{81}

Though the Dublin summit reached agreement only on two issues, yet by the time of the summit, almost all the renegotiation demands as laid down in the Labour's 1974 manifesto were fulfilled:

(1) **Common Agricultural Policy** - The CAP's effect on Britain's food prices changed radically as a result of rise in world food prices since 1973. Even before Britain joined, world food prices were creeping high. Moreover the rise in world food prices "has resulted simultaneously in a smaller

\textsuperscript{79} Command Paper, 6003: Membership of the European Community. Report on Renegotiation.

\textsuperscript{80} Ibid.

\textsuperscript{81} Ibid.
total Community budget with a smaller net British transfer and a lesser upward pressure on British food prices than could have been foreseen."82

The Community's agricultural policies too were adopted according to the British criteria. Deficiency payments for beef was adopted and imports of sugar from Commonwealth were accepted and subsidized. As the Economist put it: "there is very little difference between what Britain is actually paying for its food now and what it would have to pay as a non-member."83

(2) **European Economic and Monetary Union (EMU)**

Though EMU remained as an objective of the Community the renegotiators at Dublin "are satisfied that the issue is dead for the rest of this decade." The franc, lira and the Sterling defected from the EEC 'snake', which was meant to curtail fluctuations among European currencies.84 A Federal Trust Report on the prospects of the EMU had this to say:

> the reaction of some of the Community's leading members to the sharp rise in the oil prices in the autumn of 1973 was not to call for a Common

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83. The *Economist*, vol. 258, n. 12, March 1975.

84. Ibid.
response to the economic and monetary consequences with which Europe was threatened, but to protect their national currency and domestic economy by unilateral measures. Economic and Monetary Union remains an agreed objective, reiterated in the communiques of bilateral meetings and Community summits, but experience has bred a skepticism about the likelihood of substantial progress towards that objective in the foreseeable future.85

(3) **Commonwealth and Developing Countries Interests:**

This condition had been fulfilled partly when the 46 African, Caribbean and Pacific (ACP) states of Commonwealth signed the Lome Treaty with the EEC in February 1975. The agreement was about giving aid, non-reciprocal trade concessions and the commodity stabilization scheme (STABEX). The Asian Commonwealth countries were benefiting from the EEC's Generalised System of Preferences (GSP).

On 22 June 1971, the European Council of Ministers agreed to introduce the EEC Generalised System of Preferences (GSP). The GSP would affect industrial manufactures, semi-manufactures and processed agricultural products. The GSP according to the agreement would apply to all members of "Group of 77" in UNCTAD (United Nations Conference on Trade and Development), dependent countries and dependent territories.86 About the EEC's GSP scheme, Maurice Schumann, the

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then President of the European Council said that the EEC which is the world's biggest importer of products from developing countries was also "the first industrial power to implement its offer in accordance with commitments in the UNCTAD." The GSP was implemented on 1 July 1971. India already signed along with Pakistan, Bangladesh and Sri Lanka a non-preferential trade agreement, and the "EEC has diversified its aid-giving far beyond the old French African confines."67

(4) Retention of Parliament's control over Regional Industrial and Fiscal Policies:

Though there was no formal outcome on this at Dublin, the Commission had been adopting very flexible policies in the field of regional industries and originally it proposed a rigid framework splitting the Nine's regions into poor and rich. However, under British pressure, the Commission set up four categories to accommodate different types of regional problem. Understanding was reached at the summit that "government schemes to aid regional development would only require Community approval when they involved very large-scale finance at a level rather higher than that envisaged by the Labour Government."68

67. The Economist, n. s. 83.

(5) **No Harmonization of Value Added Tax (VAT):**

Here again no formal agreement was obtained, but "the tax harmonization is in effect on dead issue for the rest of the decade and therefore there is no problem." An EEC proposal to tighten export standards for safety glass was blocked by a number of governments, including Britain. In fact, the EEC Commissioner for Taxation stated that "the obstacles to aligning value added taxes in the E缅 are so huge that there is next to no chance of an agreement on the taxation directorship in the foreseeable future."

(6) **An Agreement on Capital Movements:**

The Labour Manifesto said, which would "protect our balance of payments and full employment policies." Frequent fears that "the British economy would be ground down by a deflationist Community have played a large part in the economic case against British entry." Professor Nicholas Kehdor, a well-known economist, whose views carried much weight in the Labour Party, had forecast that Britain in Common Market would become the "Northern Ireland" of Europe and an "increasingly depressed industrial area with emigration the only

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89. Ibid., p. 297.
91. John Pinder, p. 120.
escape."92 However later developments disproved such fears. The floating of franc by France in 1974 in response to the oil crisis in January 1974 could comfort the Labour Party followers of Kaldor’s thesis. Even Wilson could say after the Paris summit that he “did not find anyone in Paris who believed that there was the remotest possibility of economic and monetary union.”93

The above renegotiated terms, including those on budget and New Zealand dairy products, go a long way to dispel the fears expressed in the Labour’s 1974 manifesto. The most contentious issue, budget, which had been the main target of anti-marketeers, appeared to have been settled to the Government’s satisfaction. Thus, Callaghan could call the Commission’s ‘correcting mechanism’ as a “remarkable advance” that would lower “by many many millions of pounds.”94 He made this statement even before the ‘correcting mechanism’ in its modified manner was agreed at Dublin. In fact “it is here, if anywhere, that renegotiation as such can be convincingly argued to have turned the Community system significantly to Britain’s advantage.”95 Estimates of the

94. The Times (London), 13 March 1975.
costs of entry to Britain, made at the time of 1970-71 negotiations, had all attributed to the bulk of the cost to Britain's net budgetary contribution. But by the time of the renegotiation in 1974, "the estimated cost was less because Britain's receipts from the budget were proving to be higher than had been expected." It should, however, be noted that whatever had been achieved by the government it was done within the framework of the treaties and laws of the EEC. But, were the renegotiations 'successful' in the sense used in Labour's manifesto? As the Prime Minister explained, "the answer depends whether the essential character of the Community is expressed in its formal laws, institutions and rules or whether the essence resides in an informal habit of pragmatism wherever strong enough political pressure from a member government is applied."

Wilson implied it was the way the Community operated or made to operate, not a fundamental renegotiation that mattered. It should be noted that if the outcome of the renegotiation to the satisfaction of the Labour Government

98. The Times (London), 13 March 1975.
could be attributed to the tough bargaining positions taken by its leaders, the credit should equally go to the accommodating nature of the European leaders, France and Germany in particular.

The successful outcome of the renegotiations is mainly due to the German Federal Chancellor and the French President, who were prepared to make concessions within the framework of the Treaties and on condition that the cohesion of the Community was not weakened.99

Of course, the French President had his own reasons to yield to the British demands. France made its concessions to Britain because

It believed it needs the British in Europe to check the West Germans. As the seventies advanced and it became clear that the German recovery was not only economic but in the largest sense moral, fears were expressed .... Schmidt himself warned that the Franco-German relationship was not a tandem. Hence the French approach to Britain.100 (Emphasis in original)

With her economic strength, West Germany was apt to, and appeared determined to play an equally dominant political role at least in West Europe. Thus "after the successful completion of first phase of Ostpolitik, a more self-confident West Germany had turned its attention back to West European


matters, and to consideration of West Europe’s future relations with the rest of the world, and beginning to play a political role commensurate with its economic strength.”

Immediately after the Dublin Summit, on 11 December, the House of Commons voted by 312 to 262 to hold referendum. Defending the referendum Bill, Edward Short, the Lord President argued that referendum was consistent with parliamentary sovereignty and that though the Government was bound by the result of this referendum, Parliament was not bound by it.

In less than a week after the referendum voting, the Cabinet voted to endorse the renegotiated terms. As Wilson promised earlier, there was free voting within the Cabinet and the principle of collective responsibility was waived. The voting was by 16–7 and the Cabinet meeting “turned into a rowdy anti-climax in which jokes and jeers were available than solemn affirmation of European faith.” Whatever the nature of discussion within, the Labour Government and its leader, at last, formally committed to keep Britain inside the EEC.


Once the Cabinet voting was over there was a spurt in anti-market activity, largely boosted by the dissenting Cabinet Ministers. An early day motion was tabled on 8 December by the dissident Ministers with about 130 PLP members of the anti-marketeers group. The dissident Ministers also issued a statement entitled, "The Common Market - why we object. Statement by Dissenting Ministers." The statement said that the renegotiated terms "have fallen far short of our minimum aims." It accused the CAP as leading to high food prices and that the Parliament remaining subordinate to a non-elected EEC Commission.  

On 19 March, 18 of the 29 members of the NEC submitted a resolution to the Labour's General Secretary, urging him to get the formal approval of the NEC and, if passed, to place the same before the special party conference, to be held in April. The resolution said that the renegotiations fell short of "objectives which have been party policy for more than ten years and embody in Labour Party's two last election manifestos." The resolution also called for withdrawal from the Common Market. Signatories to the resolution included dissenting ministers.

The trade unions too were turning overwhelmingly against the membership. The TUC had already withdrawn from the EEC's Economic Committee. Len Murray, the TUC General Secretary said he considered the Common Market as 'out-of-date creature' and that Britain should not be in such an organisation whose guiding principle was free competition.\textsuperscript{106} If a TUC Congress were to be held, at the very best, the pro-marketeers could muster 1.5 million votes against the anti-marketeers 8 million. Most unionists opposed the EEC out of an emotional reaction.\textsuperscript{107}

With the majority of PLP, NEC and the trade unions, all swung against the Common Market, the Prime Minister felt compelled to tighten his grip over the party affairs. He was also embarrassed much about the dissident Cabinet Ministers taking their case to the press. He, thus, told the Cabinet that he would be forced to resign if its dissident Ministers did not withdraw their support to the NEC move to recommend special conference to vote against Common Market. Wilson also directed that in the Common debate on white paper on referendum, the dissenting Ministers should speak neither from the front bench nor from back bench against the Government policy. This angered the dissidents.\textsuperscript{108}

\textsuperscript{106} The Economist, vol. 253, no. 8, February 1975, p. 49.
\textsuperscript{107} Ibid., p. 931.
\textsuperscript{108} David Butler, n. 42, p. 109.
On 7-10 April the House of Commons debated two Bills: one to endorse the continuation of Britain's membership of EEC; and other, the Second Reading of Referendum Bill. While the latter was passed by 312-248, it was in the case of the first Bill that the Labour's divisions were very glaring. The House voted by 396-170 the renegotiated terms and hence the continuance of British membership of the EEC. Out of 315 Labour MPs, 145 voted against the Bill and 138 voted for it; of the non-Cabinet Ministers, the voting was 31-30 against the Government, 7 Cabinet Ministers voted for the motion. The Conservatives and Liberals fully supported the Government. 109

The voting on the crucial issue of Britain's continued membership reflected how badly the Labour Party - its Government, PLP and also the NEC - were split. This trend was quite in contrast to the May 1967 voting in the Commons when Wilson carried all the important sections of his party, including the TUC behind him on seeking EEC's membership.

Before the voting took place, the Prime Minister moving the Government's motion on continued membership, claimed that "the renegotiation process has been not only a catalyst of change and basically change in the right direction - but also

an initiator, a creator of a process of fundamental change." Expressing satisfaction that the terms negotiated met the terms set out by the Labour Party manifesto, Wilson said:

So my judgement on an assessment of all that has been achieved and all that has changed, is that to remain in the Community is best for Britain, for Europe, for the Commonwealth, for the third world, and the wider world.110

Douglas Jay, speaking for the anti-marketeers found that 'renegotiation has changed almost nothing'. It failed to curb the system of "authoritarian legislation" from Brussels and there was no alteration in the Treaty of Accession that would assure changes in food prices. There was no fundamental renegotiation of CAP and on budget, the systems of 'own resources' that the Labour Party manifesto described as unacceptable was accepted.111

Eric Heffer, a dissenting Cabinet Minister, by breaking the Cabinet decision not to speak against the Government in the House, said: "I do not believe that there has been any fundamental renegotiation" and "what appeared to be renegotiations were purely normal discussions."112

Wilson dismissed Heffer for defying the Cabinet ruling.


111. Ibid., col. 842-43.

112. Ibid., col. 1329.
By the time the Special Labour Party Conference met on 26 April there was no doubt that the Conference was going to vote against the Government's policy. The Conference had before it an NEC statement opposing membership. Wilson's speech "was the best, because the most honest speech he has made since his return to power." No arguments were put forward and it was if anything, repetition of the usual theme in a more persuasive manner. A few speakers admitted that they were taking an anti or pro position against their personal will under pressure from constituency parties. When the voting was taken, the conference voted by 3,724,000 to 1,980,000 against Britain's membership of the EEC. It was a 2:1 majority against an expected 4:1 against membership. The pro-marketeers, though narrowly failed to touch 2 million, achieved their highest vote ever. The major unions voted only 3:2 against but the smaller unions voted almost 10:1 against membership.114

Thus as the referendum poll approached, fixed for 5 June, the Labour Party and the Labour Government, were at cross roads on the issue of Common Market membership.

But one encouraging trend, and certainly an important trend was that public opinion polls were 2:1 in favour of membership. The following Gallup survey indicates 'Yes' lead among the voters on the membership issue:

Majority Yes, February-May 1975 ("Yes" percentage minus "no" percentage among decided voters) 115

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May 1975 was the month of hectic campaigns. All available media and publicity resources and techniques had been invoked by the rival sides on Britain's membership. Though the issues and arguments were the same on either side, the fact that the campaign was being conducted against the background of economic crisis and that the leaders of both the major parties supported membership added acrimony to the debate. The main points in the Labour pro-marketeers campaign were that membership would enable as Roy Jenkins, the President of the BEC said, Britain to contribute to the strength of Europe and thereby talk to and influence

115. UWE KITZINGER, n. 52, p. 447.
super powers. Moreover by remaining inside, Britain could share in determining its policies.116

Secondly, since world food prices rose, Britain could benefit from imports from EEC whose food prices were cheaper than world prices. They accepted that the CAP was not perfect, as Shirley Williams argued, but in an "insecure world it is better to be part of a largely self-sufficient agricultural community, than to live on dreams of a world of cheap food that may have gone for ever."117 A further economic argument of the pro-marketeers was that by staying outside the Common Market, Britain would economically become a lesser power. As Roy Hattersley, a pro-marketeer said, "if we are out of Europe we could soon have a gross domestic product averaging, per head, half that of the Federal German Republic."118

The pro-marketeers had an added advantage over their rivals in two respects at least. The British politicians on the European Commission George Thomson, a former Labour Minister and pro-marketeer, and Christopher Soames, the Conservative ex-Minister on the Commission, who campaigned in favour of continued membership.

117. Ibid.
The European Commission, which by coincidence or design, released information that the pro-marketeers could play upon. Thus on 15 May, the Commission stated that Britain's net budgetary contribution was only £75 millions in 1973-74 as against £135 millions claimed by the white paper published in March 1975.119 On the eve of the referendum poll on 31 March, the Commission announced that it had approved the Government's nationalization plans for British Leyland.120

One general theme that occurred constantly in pro-Market speeches was, as Michael Stewart said on 21 May, "if we do walk out, into what sort of world shall we walk in."121

On the anti-marketeers side apart from the familiar champions like Foot, Shinwell, Douglas Joy etc., Benn emerged as a very controversial figure, often making the debate more acrimonious. His statement on 18 March that Britain lost about 500,000 jobs due to membership in the EEC, was the hottest issue during the campaign. Wilson, Heath, Jenkins and others attacked Benn on this count for raising 'unemploy-

ment scare'. Healey called Benn’s jobs figures a falsehood.122

Anti-marketeers also argued that Britain could not stand the competition from West Germany. The anti-marketeers Benn, Foot, Shore, Barbara Castle and Judith Hart in their joint statement emphasized this prospect.123

The anti-marketeers sought to strengthen their case by invoking the objectives expressed in Paris and Dublin Summits. Thus Benn could state that the common foreign policy, EMU, directly-elected European Parliament as the stated objectives in the Dublin Summit "will in effect make the United Kingdom into one province of a Western European State."124

A much repeated argument by the anti-marketeers was that membership would lead to loss of British Parliament’s sovereignty and orders with binding character emanating from an unrepresentative European Commission. Moreover, "our industry, trade, jobs and people will steadily ebb away from this island, to the Franco-German heartland of the common market."125 This was stated in another joint statement by five Cabinet Ministers on 1 June. During the

125. The Sunday Telegraph, 1 June 1975.
early days of campaign Wilson and Callaghan did not participate seriously and kept a low profile. It was only in the last days of the campaign that they spoke frequently under the auspices of either the Trade Union Alliance for Europe or of individual unions or of constituency parties.126

On 13 March, the Foreign Secretary stated that the Commonwealth welcomed renegotiations. He and the Prime Minister returned from the Commonwealth Conference at Jamaica a few days ago. This development did have its effect on the campaign. The "anti-marketeers have discovered that the main weakness of their propaganda lies in their being unable to offer an alternative. Commonwealth trade has become less important and there is no other important grouping Britain could join."127

Wilson even in the midst of the campaign, often sounded lukewarm in supporting the Government's case. In a T.V. interview, he said he had never been a European enthusiast but a rather Commonwealth man. To a question, if he could be called a 'pragmatic marketeer', Wilson answered his was a practical approach.128 This, however, was the

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126. David Butler, n. 52, p. 176.
127. Ernst Albert, n. 99, p. 60.
period when the Prime Minister deliberately wanted to keep cool in order to moderate the several divisions in his party.

On the eve of the poll, Wilson gave his last message as under:

Tomorrow is the decisive day in the affairs of our people. When all the arguments have died down and this campaign comes to an end ... tomorrow's decision will be seen not just a vote, but a vote about the future of our young people, our children and those who come after them.129

Wilson's tactics during the final round of campaign were to provide the best atmosphere for restoring Labour Party unity after 5 June.130 He was everywhere scrupulously fair and balanced in his Common Market arguments, without taking any extreme position. His emphasis was mainly on two issues, jobs and food prices, in the belief that voting would turn on all these issues.

On 5 June 1975 the British people were called upon to respond at a referendum to the following question:

The Government have announced the results of the renegotiation of the United Kingdom's terms of membership of the European Community. Do you

129. Ibid., p. 49.
think that the United Kingdom should stay in the European Community (The Common Market)?

Yes:

No:

The additional word "Common Market" in the bracket was inserted under the anti-marketiers pressure. When the counting of votes was completed next day, the result was 67.2 per cent voted 'Yes' and 32.8 per cent voted 'No'.

It was certainly an overwhelming vote by the British people to remain in the Common Market. Striking the note of victory, the Prime Minister, Wilson said:

The verdict has been given by a vote with a bigger majority than has been received by any general election. No body in Britain or the wider world should have any doubt about its meaning.

The anti-Market Cabinet Ministers frankly accepted "the democratic verdict of the people, which the Labour movement made possible through its manifesto commitment to a referendum at the last elections."

Honouring the peoples' verdict, the TUC sent its representatives to participate in the SEC institutions.

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132. Ibid., p. 24175.
133. The Times (London), 7 June 1975.
134. Ibid.
The Labour Party also sent its delegates to the European Parliament, which it boycotted since 1973. It is thus how the British Labour controversy regarding Britain's membership of the EEC came to an end.