

Britain and European Integration 1945–1998

A documentary history

Edited by
**David Gowland
and Arthur Turner**



Britain and European Integration 1945–1998

Britain and European Integration 1945–1998 provides illuminating insights into a subject which has dominated the British political scene for much of the period since the Second World War. Through a wide and varied collection of documents complemented by detailed and perceptive analysis, this book explores Britain's reactions to the dynamics of European integration.

This comprehensive study gives an intelligent, informed survey of the most important stages in Britain's relationship with Europe since 1945. Key subjects covered include:

- European unity and 'missed opportunities' in the early post-war years;
- the Commonwealth dimension and the 'special relationship';
- Britain's belated attempts to join the EC in the 1960s;
- the challenges posed by the quickening tempo of European integration;
- the development of controversial issues such as the single currency.

This detailed volume examines a highly topical subject which embraces such diverse matters as grand political strategy, economic imperatives, national sovereignty, 'mad cow disease' and fishing quotas. Many of its numerous sources are made widely accessible here for the first time. It is an invaluable resource for all students of Politics, Modern British History and European Studies.

David Gowland is Senior Lecturer in History at the University of Dundee.
Arthur Turner is Lecturer in History at the University of Dundee.

Britain and European Integration 1945–1998

A documentary history

**Edited by David Gowland
and Arthur Turner**



London and New York

First published 2000 by Routledge
2 Park Square, Milton Park, Abingdon, Oxon, OX14 4RN

Simultaneously published in the USA and Canada
by Routledge
270 Madison Ave, New York NY 10016

Routledge is an imprint of the Taylor & Francis Group

Transferred to Digital Printing 2010

© 2000 Selection and editorial matter, David Gowland and Arthur Turner

Typeset in Baskerville by
BOOK NOW Ltd

All rights reserved. No part of this book may be reprinted or reproduced or utilised in any form or by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying and recording, or in any information storage or retrieval system, without permission in writing from the publishers.

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

Library of Congress Cataloging-in-Publication Data

Britain and European integration, 1945–1998 : a documentary history / edited by David Gowland and Arthur Turner.

p. cm.

Includes bibliographical references and index.

1. European Economic Community–Great Britain.
2. European Union–Great Britain.
3. Great Britain–Politics and government–1945– I. Gowland, D. A. II. Turner, Arthur.

HC241.25.G7 B676 2000

327.4104'09'045–dc21

00–020367

ISBN 0–415–17974–2 (hbk)

ISBN 0–415–17975–0 (pbk)

Publisher's Note

The publisher has gone to great lengths to ensure the quality of this reprint but points out that some imperfections in the original may be apparent.

For Mary, Alison, Sally, Sarah, Paul and Adam

Contents

<i>List of tables</i>	viii
<i>Acknowledgements</i>	ix
<i>Introduction</i>	xi
1 Reconstruction and European unity: 1945–1949	1
2 ‘Lost opportunities’: 1950–1957	19
3 The ‘special relationship’: 1945–1963	37
4 Kith and kin: the Commonwealth and Europe, 1945–1961	61
5 Knocking at the door: 1959–1963	83
6 Another veto: 1964–1969	108
7 Entry and renegotiation: 1970–1975	127
8 In transition: 1973–1979	152
9 ‘No, no, yes’: 1979–1990	167
10 Staying in but opting out: 1990–1997	187
11 New Labour and Europe: 1997–1998	209
<i>Appendix: The institutions of the European Community/European Union</i>	233
<i>Further reading</i>	235
<i>Chronological table</i>	240
<i>Index</i>	245

Tables

2.3	Coal and steel production 1938 and 1949	26
4.6a	The relative values of UK trade with the Commonwealth, the sterling area and Western Europe: 1952-54	73
4.6b	The area distribution of UK exports for the period 1952-56	73
4.6c	The principal sources of British wheat and meat imports in 1955	73
7.2	Contribution to the Community budget	134
8.1A	GDP growth rates expressed as an annual percentage change	156
8.1B	UK balance of trade by area	157
8.1C	UK balance of trade with the EEC, 1970-77	157
8.1D	The value of UK visible trade with the EEC as a percentage of total UK trade, 1973-78	157
8.1E	The value of the intra-EC trade of each EC member state expressed as a percentage of each state's total exports in 1958 and 1980	158
8.3	UK contributions to the EEC budget, 1973-78	159
8.6	Visible trade with the EEC and the rest of the world, 1970-76	162
8.9A	Eurobarometer opinion poll - spring 1983	165
8.9B	The turn-out at the election of 1979 for the European Parliament	165
11.3	Arrangements for QMV and for representation on the Commission and in the European Parliament	217
11.5A	Polls on membership of the single European currency	219
11.5B	Poll on membership of the single European currency	220
11.10	Economic criteria for entering the single currency	226

Acknowledgements

We should like to thank the following for permission to publish copyright material: the Controller of Her Majesty's Stationery Office for Crown copyright material from the Public Record Office, London, the Official Report of the House of Commons Debates, Command Papers and extracts from volumes of *Documents on British Policy Overseas*; I. B. Tauris and Co. Ltd for an extract from G. Urban, *Diplomacy and Disillusion at the Court of Margaret Thatcher*; Service de Presse et d'Information, Ambassade de France à Londres for the joint letter from M. Jacques Chirac, President of the Republic, and Mr Helmut Kohl, German Chancellor, to Mr Tony Blair, President of the European Council; the US Government Printing Office; News Group Newspapers Ltd for extracts from © *The Sun*; News International Newspapers Ltd for extracts from *The Times* for 15 January 1963 and 22 May 1963; © *The Economist*, London, for extracts from the issues for 25 December 1982 and 26 September 1993; statement signed by 74 Labour MPs in *Tribune*, 5 May 1967, reproduced with permission of *Tribune*; European Communities for texts and tables reproduced by permission of the publishers, the Office for Official Publications of the European Communities; the Peters Fraser and Dunlop Group Ltd on behalf of Nigel Lawson for permission to use an extract from N. Lawson, *The View from No. 11: Memoirs of a Tory Radical*; the Butterworths Division of Reed Elsevier (UK) Ltd; *The Spectator*; the Labour Party; Simon and Schuster UK for an extract from I. Gilmour, *Dancing with Dogma; Main Economic Indicators* (1970–80), copyright OECD, 1999; Routledge for an extract from U. Kitzinger, *The European Common Market and Community* (1967), pp. 33–7; David Higham Associates for an extract from B. Castle, *The Castle Diaries 1964–1976*; The Rt. Hon. Michael Portillo; Blackwell Publishers Ltd; the Democracy Movement; material quoted from *Understanding the Euro*, Federal Trust for Education and Research, London 1998, ISBN 0–901–57372–8; Assembly of Western European Union.

The publishers have made every effort to contact authors/copyright holders of works reprinted in this volume. This has not been possible in every case, however, and we would welcome correspondence from individuals or companies we have been unable to trace.

Introduction

This book consists of a selection of documentary extracts and commentary on the evolution of Britain's relationship with the process of European integration in the period 1945–98. Its principal purpose is to provide a wide-ranging, substantial collection of source material on the events, ideas and interests that have shaped and reflected British policy and attitudes towards the type of European integration associated with the European Community (EC) and – since the Treaty on European Union of 1993 (Maastricht Treaty) – the European Union (EU). The book does not pretend to offer comprehensive coverage of all aspects. It does aim to provide, however, a sufficiently representative cross-section of source material to enable the reader to acquire from contemporary accounts an understanding of a multifaceted subject.

British involvement in 'the building of Europe' figured as one of the most bitterly contested and enduring features of British politics during the second half of the twentieth century. No other issue in domestic politics has so dramatically and repeatedly exposed major faultlines within governments, or thrown into sharp relief deep divisions within and between the major political parties. Furthermore, few if any other fields of government policy have demonstrated the same capacity to damage, in some cases fatally, the authority of prime ministers and the careers of Cabinet ministers. At the time of writing, moreover, this highly inflamed varicose vein in British political life is assured of further prominence. The likelihood and timing of British membership of the single European currency remain unresolved questions, currently accounting for the formation of battle-lines in a contest which, whatever the outcome, will be as momentous as the original decision to join the EC.

Britain has occupied a distinctive position of deeply rooted ambivalence towards the construction of the highway of European integration since 1945. Its adjustment to the EC/EU has not been indicative of smooth, linear progression. Instead there has been an unpredictable trajectory governed by policy twists and turns subject to vacillation, unexpected decisions and unintended consequences. The first half of the period covered by this book, for example, witnessed a major reversal of British policy towards the EC and a protracted controversy over the merits of EC membership. During the later period of membership since 1973, when the principle of membership was still questioned in some quarters, British

participation invariably attracted a high degree of equivocation among policy-makers and public alike. Governments in both periods frequently demonstrated a hesitant, reactive approach to the EC/EU, or 'procrastination on principle' as John Major recently described his preferred approach to new plans for Europe (J. Major, *The Autobiography*, London, HarperCollins, 1999, p. 273).

The uncertainty surrounding the precise nature and extent of British interest in the EC/EU has been one of the elements of continuity in the British approach to European integration. The following documents offer an insight into the roots, dimensions and implications of this uncertainty. They also provide source material for testing the validity of common observations about other long-standing features of the British engagement with the EC/EU: the emphasis on minimal goals; the quest for unconditional and preferably 'free rider' access to the economic benefits of membership; the preoccupation with reconciling Britain's European and extra-European interests and commitments; the projection of European integration as primarily an economic phenomenon; and antipathy towards the idea of a federal Europe.

Domestic and external influences have contributed to the making of policy and also to the combustible compound of competing perspectives, principles and interests concerning the meaning and value of European integration in British circles. A wide range of historical, strategic, political, economic and other forces has been responsible for determining policy and attitudes. The following documents cover domestic conditions such as the impact of economic, commercial and financial factors as well as the influence of party and electoral politics. They also focus on the changing external environment that has affected British perceptions of the EC/EU and the wider world. Neither the domestic nor the external context can be examined in isolation from each other. Policy and attitudes have been fashioned out of the interplay between domestic and external pressures. They have also been moulded by the interaction of long-term historical trends, like the end of empire, and short-term developments, like the failure of a government's economic policy.

The British debate about Europe since 1945 has ranged from the essential attributes of statehood in terms of national sovereignty and independence to the conduct of British foreign policy within and beyond Europe. Much controversy has turned on very different understandings of the 'national interest' and conflicting assessments of the advantages of and the relationship between economic and political integration. Given the magnitude of the issues at stake, the protagonists in this debate – the pro- and anti-marketeters of yesteryear and their Europhile and Eurosceptic descendants – have rarely allowed the *actual* workings and policy particulars of the EC/EU to interfere with their preconceptions and articles of faith concerning certain fundamental propositions. One such proposition, for example, is more or less to the following effect and consists of two parts: (1) a post-imperial Britain, reduced in standing from a global to a medium-range power and lacking any viable alternative to EC/EU membership, can secure economic benefits and enhance its power and influence in the international system as part of the EC/EU; (2) the consequential loss of national

sovereignty and decisionmaking is outweighed by the advantages of membership. This proposition, as is evident in the documents, has attracted fiercely disputed claims about both the motives and objectives of British policymakers and the identity and long-term goals of the EC/EU.

The domestic discourse on European integration has taken a variety of forms, extending from fantasies demonising or defending the EC/EU to heavily nuanced language capable of different interpretations. The documents have been selected to capture some of the quintessential features of this discourse. In many of the documentary sections conflicting views and different accounts have been deliberately juxtaposed in order to facilitate examination of the underlying assumptions and contested ideas. Needless to say, however, the documents do not speak for themselves. They acquire meaning and significance when decoded and when placed in context. For example, policymakers' public representation of the EC/EU may shed little or no light on their private assessments, calculations and priorities. The Russian doll character of British politics concerning Europe has taken a number of forms. The EC/EU has regularly served several latent functions in British politics, most notably as a safety valve for deflecting attention away from domestic weaknesses, as a bogeyman for governments and parties under pressure on other fronts, and as a panacea at times of acute consciousness of national failure.

These functions, in turn, have been indicative of the absence of any long-term, national consensus concerning the value and purposes of European integration. Competition between the major political parties and the changing balance of forces within these parties have invariably put at risk any axiomatic assumptions about the issue. A broad consensus between the Conservative and Labour parties existed only in the period 1945–60 when British aloofness from the origins of the EC commanded widespread support. Since the first application for membership (1961), however, Europe has invariably served the purpose of differentiating between the Conservative and Labour parties. In the 1960s and 1970s the Conservatives were regarded as the 'pro-European' party, while the bulk of the Labour Party treated EC membership as anathema. By the 1990s these roles had been reversed, after each party had moved in opposite directions in the intervening period for a variety of reasons, some of which had little or nothing to do with EC/EU affairs.

The history of the EC/EU has itself had a marked impact on the British debate about Europe. A key element in this respect has been the continental European parentage of the European 'idea'. This has remained intact from the Schuman Plan for a coal and steel community in 1950 to the launching of the single European currency in 1999. In view of its absence from the formative stages of the EC, Britain had to come to terms with an organisation that was not of its own making, one that was forged in opposition to what British policymakers regarded (and continue to regard) as the superior merits of their own model of European cooperation, and that was based on 'foreign' notions of the divisibility of sovereignty and of multilayered political authority. Some of the British qualms about the EC/EU and the often dysphasic grasp of the mainsprings of European

integration originate in the absence of a shared history between Britain and the founding member states of the EC. The consequence of this is that the historical foundations, language and rhythm of European integration have not been easily assimilated into mainstream British political culture.

The process of European integration has confronted successive British governments with a number of dilemmas, many of which have been based on a combination of fears about the cost of exclusion from and the price of inclusion in the organisation. At various stages in the evolution of the EC/EU, British policymakers have attempted to impose limits on European integration, often giving the impression of seeking to uphold Lord Salisbury's maxim in foreign affairs – 'Whatever happens will be for the worse, and therefore it is in our interest that as little should happen as possible' (A. Roberts, *Salisbury: Victorian Titan*, London, Weidenfeld and Nicolson, 1999, p. 841). This position, however, did not rest easily with the growing recognition in government circles in the 1950s and 1960s that Britain's 'national interest' was indissolubly linked to the fate of the EC/EU. It proved no less difficult to reconcile British reservations with the uncomfortable degree of dynamism exhibited by the EC/EU in the 1990s. At the formative stage of the EEC in 1956, one government minister (Peter Thorneycroft) commented: 'we cannot afford that the Common Market [EEC] should either succeed, or fail, without us' (Public Record Office, FO 371/122034). The documents shed light on why British governments over the past 40 years have shared this view, how they have sought to manage its ramifications, and why they have been vulnerable to persistent domestic controversy over the limits of British involvement in the EC/EU.

This controversy has become all the more intense over the years as a result of the changing boundary lines between foreign and domestic policy in the conduct of Britain's relations with continental Europe. At the beginning of the period covered by this book, continental Europe was widely perceived in British circles as belonging to the foreign policy sphere. Europe had long been the object of British policies of intervention and non-intervention and not the source of institutions and measures penetrating domestic affairs. EC/EU membership, however, has transformed this relationship, as EC/EU legislation has gradually impinged on many areas of national life. Shortly after delivering his judgement on the first case in the British courts concerning the application of EC law (see document 8.2), Lord Denning commented on the immediate and longer-term significance of the EEC Treaty of Rome: 'the Treaty is like an incoming tide. It flows into the estuaries and up the rivers. It cannot be held back' (*The Times*, 29 April 1978). The following documents indicate that the process has indeed so far proved irreversible. They also reveal, however, the extent to which the EC/EU has continued to figure as a bolted-on extra belonging to the external environment rather than as a widely acknowledged, integral feature of British public life.

Several caveats should be entered about the content and scope of this book. Historical treatment of the recent past bristles with problems. Proximity to recent events runs the risk of producing a study that lacks detachment and perspective and that provides an insecure basis for the exercise of historical judgement. At

the time of the Irish treaty negotiations of 1921 Lloyd George claimed that the Irish question had not entered into history because it had not yet passed out of politics. This observation applies with equal force to the subject matter of this book. Documents covering the most recent developments such as the single European currency clearly belong to an unfinished chapter in the history of Britain's relations with mainland Europe. Yet source materials for this later period serve a number of important functions, not least in shedding light on how today's campaigners view earlier chapters in the story (see, for example, document 11.9). Certainly this selection of documents will fail to capture patterns and trends discernible to a historian in 10 or 20 years, but any form of historical work is always offered from a particular vantage point in time.

The choice of extracts inevitably reflects editorial views of the most appropriate texts for representing major developments and issues. The bulk of the source material is British. We have also included American and continental European documents where these have a direct bearing on the subject matter. Besides the unavoidably subjective element in the choice of items, our selection of primary source material has been governed by what is available in the public domain and especially by the operation of the 30-year rule concerning access to British government papers. Our coverage of the 1945–68 period is thus able to draw heavily on Cabinet, prime ministerial, Foreign Office, Treasury and other official papers that are unavailable for the post-1968 period. Whatever the nature of the source material, however, the historian's rules of engagement with and methods of interrogating a text apply in all cases for the purposes of analysis, explanation and interpretation. The historian of this as of any other period faces the task of forming a judgement on the basis of incomplete information and in the sure knowledge that no source offers either incontrovertible meaning or a 'definitive' picture. Each of the following documents places a particular construction on events and each account invites critical scrutiny in the light of other sources.

The historiography of this subject is still in its infancy. Much of the published work of historians has so far concentrated on the 1945–63 period and has made extensive use of government papers in the Public Record Office. Particular interest has focused on the failure of British governments to become involved in the origins of the EC at the time of the Schuman Plan of 1950 and the EEC treaty negotiations of 1955–57 – the period of 'lost opportunities' as it is designated in some of the polemical works of the time. There has also been exhaustive research into the first application for British membership of the EC in 1961. Such studies have provided a much fuller picture than was previously available. On the whole, however, they have generally tended to confirm rather than contradict what was previously known from contemporary accounts, some of which are still authoritative texts (for example, M. Camps, *Britain and the European Community 1955–1963*, Oxford, Oxford University Press, 1964). In some respects government papers for this period have often yielded so few major surprises that they lend weight to what A. J. P. Taylor once described as 'Taylor's Law' – 'The Foreign Office knows no secrets' (A. J. P. Taylor, *English History 1914–1945*,

Oxford, Oxford University Press, 1979, p. 603). In any event, such papers need to be scrutinised like any other source as part of a partial, fragmentary record.

Historians have continued to arrive at different conclusions on some of the major questions in this period. For example, the much-debated subject of the factors responsible for the decision of the Macmillan government to apply for EC membership receives contrasting treatment in two recent studies (W. Kaiser, *Using Europe, Abusing the Europeans: Britain and European Integration, 1945–1963*, London, Macmillan, 1996; J. Tratt, *The Macmillan Government and Europe: A Study in the Process of Policy Development*, London, Macmillan, 1996). As in the case of the following documents, the weighing and interpretation of the evidence, the innumerable combinations of data, and the significance attached to particular sources all contribute to the production of markedly different conclusions.

The documents are presented in a broadly chronological framework but with provision for a more thematic approach in some sections. The introduction to each set of documents deals with the historical context and also assesses the meaning, usefulness, significance and representativeness of each extract. The number of the document referred to in each introductory section appears in brackets (). Editorial additions to the text appear in square brackets []. We have endeavoured to ensure that editorial abridgements (. . .) are kept to a minimum and that any omissions do not result in a misrepresentation of the views of the author(s).

1 Reconstruction and European unity: 1945–1949

During the early post-war years Britain occupied an indeterminate position within the international system. Although one of the 'Big Three' victorious allies, it did not possess the resources of the US and the USSR. Nor did it share the wartime experience of occupation, division and defeat of many continental European states. The documents in this section reflect the impact of these and other conditions on the evolution of British policy towards the idea of European unity during the period of post-war reconstruction.

In the immediate aftermath of war British policymakers believed that the country's status as an independent great power was best enhanced by leadership of a 'third force' comprising the west European states and their overseas possessions in a tripartite international system. This view was gradually undermined, however, as Cold War tensions formalised the division of Europe and of Germany and as the problems of post-war recovery in Europe impressed on British policymakers the dangers of overclose relations with states that appeared to offer a host of liabilities rather than assets. At the same time British financial weakness and the legacy of wartime debts of £4.7 billion resulted in heavy dependence on American assistance following the UK/US loan negotiations of September–December 1945 and the Marshall aid offer of June 1947. By 1949 the formation of the Atlantic Pact and British antipathy towards far-reaching plans for European integration resulted in a more defined and circumscribed view of British involvement in Western Europe among Whitehall policymakers than had earlier been the case. The emerging consensus on European policy remained substantially intact during the following decade when Britain refused to participate in the origins of the European Community.

Historians have offered different assessments of British policy towards Europe in this period. Particular attention has been paid to the main objects and motives of Ernest Bevin whose dominant personality and strong position in Clement Attlee's newly elected Labour government of July 1945 gave him much scope to determine policy as Foreign Secretary. Some accounts focus on the origins and impact of the Cold War and stress Bevin's role in shaping a Western bloc based on the restoration of the close wartime relationship between the UK and the US. This emphasis on the 'Atlanticist' strain in British

2 *Britain and European Integration 1945–1998*

policy is summed up in the view that the Atlantic Pact of 1949 was Bevin's 'crowning achievement'. Other studies, however, argue that Bevin was principally concerned to restore Britain's credentials as a world power on an equal footing with and independent of the US and the USSR. The formation of an American-dominated Western alliance was thus a second-best solution, which was indicative of British weakness. It marked the failure of Bevin's grand design to organise 'the middle of the planet' – including the west European states – as a power bloc comparable to the US and the USSR.

Britain's precarious position as a world power at the end of the Second World War highlighted the value of assuming a leadership role in the reconstruction of Europe and of developing close relations with the west European states (1.1 and 1.3). A principal reason for doing so was to enhance British power and influence in the conduct of relations with the US and the USSR (1.2). This primarily global emphasis in British policy meant that regional European cooperation was viewed in the context of Britain's great power relations and of global institutions for resolving international problems (1.3B). Bevin and senior Whitehall officials were convinced of the need to develop close relations with the Western European states and especially with France in the first instance. From the outset, however, they were conscious of the limited British assistance that could be offered to these states and also of the relative weaknesses of these states as an organised bloc (1.2 and 1.3B).

The cause of European unity attracted the support of British political leaders who, contrary to some accounts, were no less possessed of vision and imagination than their continental counterparts. Winston Churchill was a dominant figure on European platforms where his grandiloquent rhetoric sought to boost European morale and to encourage a new Franco-German partnership (1.4). Significantly, however, he portrayed Britain as a sponsor of rather than a full participant in the new Europe. In a characteristically more prosaic manner, Bevin also supported the idea of European unity, most positively in his Western Union speech of January 1948 at a time when four-power cooperation in Germany had collapsed and the economic division of Europe had hardened following the offer of American (Marshall) aid in June 1947 (1.5). This speech marked both the apogee of Bevin's third force thinking and also his growing recognition of the importance of American assistance in addressing the problems of economic recovery and security in Western Europe. It also demonstrated that his interest in European unity lay principally in the fields of defence and security and economic cooperation: he was far more circumspect about detailed plans for the political unification of Europe.

The immediate consequence of Bevin's speech was the formation of a mutual security pact – the Brussels Treaty Organisation (BTO) – in March 1948, comprising Britain, France, Belgium, the Netherlands and Luxembourg. Earlier interest in constructing a European bloc of states to contain post-war Germany was here overtaken by growing anxiety with what was perceived as the greater Soviet threat to Western Europe. At the same time the Organisation for European Economic Cooperation (OEEC) was founded to supervise

the distribution of American aid among 16 west European countries. Both organisations were shaped in accordance with British support for the principle of intergovernmental cooperation. They also established the foundations for a British-led Western Europe with a proprietorial attitude in Whitehall towards the functioning of such organisations.

By the time of Bevin's Western Union speech there was a rising tide of interest in continental, and especially French, circles in far-reaching forms of economic integration. Most notably the idea of a west European customs union, which came to fruition 10 years later in the EEC Treaty of Rome, began to take root, especially as France made an unsuccessful attempt to forge a customs union with Italy and the Benelux states. Initially, Whitehall opinion was divided about the advantages of British membership of a European customs union. Bevin was a long-standing supporter of this project. He was also concerned to give some economic substance to his Western Union grand design. As in other areas, however, his strong preference for a Western Union bank at this time depended on American backing in the absence of sufficient British reserves to underwrite such a venture. Immediately after the Western Union speech a Foreign Office paper presented the case for British membership of a European customs union and thus for a course of action which would have fundamentally changed Britain's role in Europe in later years (1.6). In characterising Whitehall's attitude towards the idea, the author of this paper touched on a feature that was also evident in official British reactions to advances in European integration in later years: 'the short term complexities and adjustments loom more largely in the minds of departments than the problematical (though generally conceded) long term advantages'. In the event, the Treasury under Stafford Cripps, the recently appointed Chancellor of the Exchequer, and the Board of Trade under Harold Wilson successfully opposed the idea. Bevin's particular interest in fostering close economic relations with France made little impact on the Treasury view that a dollar-starved European customs union was unlikely to serve the dollar-earning and dollar-saving principles underlying Britain's foreign economic policy at this time. In his rejection of the idea of British membership of a customs union, Cripps advanced a potent mix of arguments that concentrated on the preservation of national economic sovereignty, the long-term dangers of a customs union and the vital importance of maintaining a protectionist commercial policy (1.7).

By late 1948 Bevin's interest in European unity began to wane, especially as mounting support for a federal Europe found a platform at The Hague Congress of Europe (May 1948) and as the idea of a European parliamentary assembly was subsequently taken up by the French government in the BTO. In the course of negotiations resulting in the formation of the Council of Europe in 1949, Bevin was greatly irritated by federalist ambitions that accompanied the formation of this organisation (1.8). He was thus all the more disposed to define the limits of British interest in Europe. Cripps and Bevin eventually forged a common position on the general question of British involvement in the

economic recovery of Western Europe. Their paper of January 1949 was approved by the Cabinet's Economic Policy Committee (1.9). In preparing this paper, Foreign Office and Treasury officials had urged that British assistance to Western Europe should be governed by the concept of limited liability and should avoid any surrender of national sovereignty. This position more sharply defined and qualified British policy towards Europe than at the time of Bevin's Western Union initiative. It also registered an increasingly pessimistic view in British circles about political and economic conditions in the continental European states.

At the same time support for a federal Europe among the continental states confirmed the weaknesses of these states in British eyes, justifying British scepticism about the idea and also reinforcing the importance of British guidance and leadership (1.10). The prevalent attitude of British policymakers was often based on a mixture of condescension, arrogance and insularity arising out of the continuing influence of Britain's exceptional wartime status as compared with the altogether different experiences of the continental European states. British policymakers also demonstrated a deeply ingrained consciousness of the qualitative difference between Britain and the continental states in the post-war international system. Many of the factors accounting for post-war interest in European integration had far less application in Britain than on the continent (1.11).

Document 1.1

The following extract is from a memorandum of 11 July 1945 by Sir Orme Sargent, a senior Foreign Office official who became Permanent Under-Secretary of the Foreign Office in 1946.

STOCKTAKING AFTER VE-DAY

The end of the war in Europe leaves us facing three main problems, none of which has any resemblance to the problems with which we were faced at the end of the last war. They are (a) the military occupation by Soviet troops of a large part of Eastern Europe and the Soviet Government's future policy generally; (b) the economic rehabilitation of Europe so as to prevent a general economic collapse; and (c) the task of administering Germany and deciding on her future institutions in agreement with the Soviet, United States and French Governments.

2. Our own position, too, in dealing with these problems is very different from what it was at the end of the last war, when we and France shared and disputed, and eventually lost, control of Europe. This time the control is to a large degree in the hands of the Soviet Union and the United States, and neither of them is likely to consider British interests overmuch if they interfere with their own and unless we assert ourselves.

3. Thus it suits us that the principle of cooperation between the three Great Powers should be specifically accepted as the basis on which problems arising out

of the war should be handled and decided. Such a co-operative system will, it is hoped, give us a position in the world which we might otherwise find it increasingly difficult to assert and maintain were the other two Great Powers to act independently. It is not that either the United States or the Soviet Union do not wish to collaborate with Great Britain . . . But the fact remains that in the minds of our big partners, especially in that of the United States, there is a feeling that Great Britain is now a secondary Power and can be treated as such, and that in the long run all will be well if they – the United States and the Soviet Union – as the two supreme World Powers of the future, understand one another. It is this misconception which it must be our policy to combat.

4. We have many cards in our hands if we choose to use them – our political maturity; our diplomatic experience; the confidence which the solidarity of our democratic institutions inspires in Western Europe; and our incomparable war record. Unlike our two great partners we are not regarded in Western Europe either as gangsters or as go-getters. But we must do something about organising our side or we shall find our friends gradually drifting away from us. Time is not necessarily on our side. For this reason and because we are numerically the weakest and geographically the smallest of the three Great Powers, it is essential that we should increase our strength in not only the diplomatic but also the economic and military spheres. This clearly can best be done by enrolling France and the lesser Western European Powers, and, of course, also the Dominions, as collaborators with us in the tripartite system. Only so shall we be able, in the long run, to compel our two big partners to treat us as an equal. Even so, our collaboration with the Soviet Union, and even with the United States, is not going to be easy in view of the wide divergence between our respective outlooks, traditions and methods.

Source: Public Record Office [hereafter PRO], FO 371/50912

Document 1.2

The following extract is taken from the minutes of a meeting of Foreign Office, Treasury and Board of Trade officials on 25 July 1945, the day before the announcement of the general election results. It reveals some of the main features of Whitehall opinion concerning economic relations with France and Western Europe.

Sir Wilfred Eady [Treasury] said that in general terms the Treasury regarded a close association with the Western European powers as clearly in the economic interests of our country . . .

Development of association, both politically and economically, with Western Europe involved three considerations, that the scheme was within the framework of the San Francisco ideas [United Nations Charter], that any plan did not involve transferring to the United Kingdom some of the political and financial weaknesses of the other partners, and that both politically and economically the association could not be regarded as designed in opposition to policy of economic cooperation with the United States . . .

Sir Percivale Liesching [Board of Trade] said that there could be a great improvement in our trading relations with Western Europe, but that progress towards such an improvement was held up by the absence of a Cabinet decision on our commercial policy. In any case, the idea of a Customs Union in Western Europe or between this country and France was much too ambitious to aim at as the first objective of our policy. A Customs Union between two such equal powers as the United Kingdom and France was a very difficult proposition. It would in any case presuppose a strong political tie and, even with such a tie, it would under the current philosophy of full employment imply concrete mobility of labour between the two countries and this was difficult to visualise. It would be very difficult to find remedies for the various problems which a Customs Union would bring in its train for the Government of each of the countries concerned. Moreover a Customs Union would involve a common level of tariffs suitable both to the highly developed metropolitan countries and to their colonial dependencies whose economic circumstances were very different. This was a formidable difficulty. We should also have to reckon with the fact that the Dominions might suffer and that there might be a re-orientation on their part towards the United States . . .

Mr. Harvey [Foreign Office] said that the Foreign Office favoured the formation of a Western bloc in order that both we and our Western European Allies should carry more weight in the counsels of the Big Three. So far, however, we had had nothing much to offer to the other Western European countries. The Foreign Office had never thought it would be necessary to have anything so provocative as a Customs Union. What they looked forward to was a regional group on the lines contemplated at San Francisco the other potential partners in such a group being just as anxious as we were to be covered by the formula of the United Nations Charter. Until such a regional group could be formed we should do whatever we could for these countries on the economic side.

Source: PRO, T 236/779

Document 1.3

The general election of 5 July 1945 resulted in the formation of a Labour government under Clement Attlee. Ernest Bevin served as Foreign Secretary throughout the lifetime of this government and until ill health ended his period of office in March 1951. The following extracts reveal Bevin's thinking about Europe and wider international developments in the early post-war period. Extract A is taken from a record of a meeting between Bevin and Foreign Office officials on 13 August 1945. Extract B is part of a memorandum (8 November 1945) by Bevin.

A

2. The Secretary of State explained that his long-term policy was to establish close relations between this country and the countries on the Mediterranean and

Atlantic fringes of Europe – e.g. more especially Greece, Italy, France, Belgium, the Netherlands and Scandinavia. He wanted to see close association between the United Kingdom and these countries – as much in commercial and economic matters as in political questions. It was necessary to make a start with France, and he was therefore very anxious to put relations between this country and France on to a better footing as soon as possible. As a first step in this direction it seemed essential to endeavour to reach some agreement with the French Government over the question of the Levant States . . .

5. As regards the further steps to be taken to improve relations with France, the Secretary of State explained that while he was anxious, as he had already said, to work towards a closer association between this country and the countries on the fringe of Europe, more particularly France, he did not wish to take any active steps towards the conclusion of a Franco-British alliance or the formation of a Western group until he had had more time to consider possible Russian reactions. He was anxious, however, that in the meantime everything possible should be done to improve our commercial and economic relations with France – and also if practicable with the other liberated countries in Western Europe. Unfortunately, just at the present time it was very difficult for the United Kingdom to help France and the other countries in this direction to any very substantial extent . . .

Source: PRO, FO 371/49069

B

Instead of world co-operation we are rapidly drifting into spheres of influence or what can be better described as three great Monroes.

7. The United States have long held, with our support, to the Monroe Doctrine for the western hemisphere, and there is no doubt now that notwithstanding all protestations that have been made they are attempting to extend this principle financially and economically to the Far East to include China and Japan, while the Russians seem to me to have made up their mind that their sphere is going to be from Lubeck to the Adriatic in the west and to Port Arthur in the east. Britain therefore stands between the two with the western world all divided up, with the French and British colonial empire separated and with a very weak position in what is called the western group . . . If this sphere of influence business does develop it will leave us and France on the outer circle of Europe with our friends, such as Italy, Greece, Turkey, the Middle East, our Dominions and India, and our colonial empire in Africa: a tremendous area to defend and a responsibility that, if it does develop, would make our position extremely difficult . . .

I have reviewed the whole position in the light of the above and have reached the conclusion that with the present deadlock between the Big Three, we shall not accomplish very much. Therefore, I propose, in dealing with all these problems, to proceed in the light of the obligations which will be assumed by all under the United Nations Organisation and to assure myself that the decisions I

reach will ultimately fit in with the procedure, constitution and obligations of that body. . .

In my view, therefore, the only safe course for this country is to stand firm behind the United Nations Organisation and, in carrying out our policy there, to rely on our right to maintain the security of the British Commonwealth on the same terms as other countries are maintaining theirs, and to develop, within the conception of the United Nations, good relations with our near neighbours in the same way as the United States have developed their relations on the continent of America.

Source: *Documents on British Policy Overseas* [hereafter *DBPO*] (1986), series I, vol. III

Document 1.4

Extracts from a speech by Winston Churchill at the University of Zurich, 19 September 1946. In the early post-war years Churchill was a prominent supporter of European unity and called for a new Franco-German partnership with Britain as one of the sponsors.

And what is the plight to which Europe has been reduced? Some of the smaller States have indeed made a good recovery, but over wide areas a vast quivering mass of tormented, hungry, care-worn and bewildered human beings gape at the ruins of their cities and homes, and scan the dark horizons for the approach of some new peril, tyranny or terror. Among the victors there is a babel of jarring voices; among the vanquished the sullen silence of despair . . .

Yet all the while there is a remedy which, if it were generally and spontaneously adopted, would as if by a miracle transform the whole scene, and would in a few years make all Europe, or the greater part of it, as free and as happy as Switzerland is today. What is this sovereign remedy? It is to re-create the European family, or as much of it as we can, and provide it with a structure under which it can dwell in peace, in safety and in freedom. We must build a kind of United States of Europe . . .

There is no reason why a regional organisation of Europe should in any way conflict with the world organisation of the United Nations. On the contrary, I believe that the larger synthesis will only survive if it is founded upon coherent natural groupings. There is already a natural grouping in the Western Hemisphere. We British have our own Commonwealth of Nations . . .

I am now going to say something that will astonish you. The first step in the re-creation of the European family must be a partnership between France and Germany. In this way only can France recover the moral leadership of Europe. There can be no revival of Europe without a spiritually great France and a spiritually great Germany. The structure of the United States of Europe, if well and truly built, will be such as to make the material strength of a single state less important . . .

Our constant aim must be to build and fortify the strength of UNO [United Nations Organisation]. Under and within that world concept we must re-create

the European family in a regional structure called, it may be, the United States of Europe. The first step is to form a Council of Europe. If at first all the States of Europe are not willing or able to join the Union, we must nevertheless proceed to assemble and combine those who will and those who can . . . In all this urgent work, France and Germany must take the lead together. Great Britain, the British Commonwealth of Nations, mighty America, and I trust Soviet Russia – for then indeed all would be well – must be the friends and sponsors of the new Europe and must champion its right to live and shine.

Source: U. Kitzinger, *The European Common Market and Community*, London, Routledge and Kegan Paul, 1967, pp. 33–7

Document 1.5

Extracts from a speech by Ernest Bevin in the House of Commons on 22 January 1948 in which he pressed the case for a Western Union and for the consolidation of Western Europe.

The conception of the unity of Europe and the preservation of Europe as the heart of Western civilisation is accepted by most people. The importance of this has become increasingly apparent, not only to all the European nations as a result of the post-war crises through which Europe has passed and is passing, but to the whole world. No one disputes the idea of European unity. That is not the issue. The issue is whether European unity cannot be achieved without the domination and control of one great power. That is the issue which has to be solved. I have tried on more than one occasion to set forth in this House and at international conferences, the British policy which has been carefully considered in connection with Europe.

This policy has been based on three principles. The first is that no one nation should dominate Europe. The second is that the old-fashioned conception of the balance of power as an aim should be discarded if possible. The third is that there should be substituted Four-Power co-operation and assistance to all the states of Europe, to enable them to evolve freely each in its own way. . .

It is easy enough to draw up a blueprint for a united Western Europe and to construct neat looking plans on paper. While I do not wish to discourage the work done by voluntary political organisations in advocating ambitious schemes of European unity, I must say that it is a much slower and harder job to carry out a practical programme which takes into account the realities which face us, and I am afraid that it will have to be done a step at a time.

But surely all these developments which I have been describing point to the conclusion that the free nations of Western Europe must now draw closely together. How much these countries have in common. Our sacrifices in the war, our hatred of injustice and oppression, our parliamentary democracy, our striving for economic rights and our conception and love of liberty are common among us all . . . I believe the time is ripe for a consolidation of Western Europe.

First, in this context we think of the people of France. Like all old friends, we have our differences from time to time, but I doubt whether ever before in our

history there has been so much underlying goodwill and respect between the two peoples as now. We have a firm basis of co-operation in the Treaty of Dunkirk, we are partners in the European recovery programme . . . We are not now proposing a formal political union with France, as has sometimes been suggested, but we shall maintain the closest possible contact and work for ever closer unity between the two nations.

The time has come to find ways and means of developing our relations with the Benelux countries [Belgium, Luxembourg and the Netherlands]. I mean to begin talks with those countries in close accord with our French Allies . . .

I hope that treaties will thus be signed with our near neighbours, the Benelux countries, making with our Treaty with France an important nucleus in Western Europe . . .

Our formal relations with the various countries may differ, but between all there should be an effective understanding bound together by common ideals for which the Western Powers have twice in one generation shed their blood. If we are to preserve peace and our own safety at the same time we can only do so by the mobilisation of such a moral and material force as will create confidence and energy in the West and inspire respect elsewhere, and this means that Britain cannot stand outside Europe and regard her problems as quite separate from those of her European neighbours.

Source: *Parliamentary Debates (Hansard) House of Commons Official Report* [hereafter *H.C.Deb.*], vol. 446, cols. 389–90, 397–9, 22 January 1948

Document 1.6

In January 1948 a Foreign Office working party was convened to consider the arguments in favour of a European customs union. The following extracts are from a draft paper that was considered by the working party at its meeting on 25 February 1948. The paper was written as if authorised by the Foreign Secretary.

The case for a Customs Union: Argument.

23. To summarise I submit

- (a) that it is essential to find an economic support for my policy of Western Union;
- (b) that a Customs Union provides the most satisfactory method of providing such support;
- (c) that the United Kingdom should take an early lead in sponsoring such a Union;

24. I base my case on the following grounds:-

- (i) No other solution is likely to bring about the same political and economic strengthening of Western Europe;
- (ii) No other solution has the same promise of stability and permanence;

- (iii) A Customs Union is likely to lead in time to full Economic Union, with a substantial measure of industrial integration and financial assimilation. This is the best guarantee of security in Western Europe;
- (iv) It is essential for all countries in Western Europe to know where they stand economically over the next ten or fifteen years. A decision to form a Customs Union would provide the firmest basis for planning.
- (v) A Western European Customs Union is already the subject of intensive study by an International Group set up during the Paris Conference. Within a few months much useful data should be available.
- (vi) The immediate effects on U.S. opinion of a decision to form such a Union would be favourable, and might make a substantial difference to the volume of aid voted in the ensuing year (say 1949). No less far reaching proposal would have the same effect.
- (vii) A number of proposals for Regional Unions – Benelux, France and Italy, Scandinavia, Greece and Turkey – are under consideration. Such unions, particularly if they were to amalgamate, would operate to the economic disadvantage of the U.K.
- (viii) It is quite possible however that other countries will content themselves with forming regional unions, and that they are not doing more than paying lip service to the broader concept. We could not consider joining a regional European Union ourselves. Unless we are to be left outside, we must therefore not merely favour but *advocate* a wider union.
- (ix) Thus we may have an opportunity of making more far reaching proposals, which are relatively to our advantage, than any other country is prepared to make. This is doubly to be welcomed, since it puts us in the lead and may enable us to exercise a corresponding influence upon the details of the arrangements (e.g. in relation to Imperial Preference).
- (x) In the long run our capacity to survive will be based on our competitive efficiency. This will be enhanced by our joining a Union of industrial powers. If we are unable to make use of this opportunity, then no amount of sheltering behind a protective tariff would have helped us; we should not have deserved to survive.
- (xi) It is indeed our national survival which is at stake. The crisis in our affairs calls for radical solutions. For better or worse, our fate is in large part inextricably bound up with that of Western Europe. Our policy should frankly recognise this fact, and set about devising the most effective methods by which we can survive together. Our policy to this end must be underpinned in the economic field. A Customs Union provides immeasurably the most secure method in that field.

Source: PRO, FO 371/71766

Document 1.7

In the early post-war years the idea of British membership of a European customs union encountered strong opposition in the Treasury and the Board of Trade. The following extracts

from a memorandum of 7 September 1948 by Sir Stafford Cripps (Chancellor of the Exchequer) outline some of the main arguments against British involvement in a customs union.

At present the real obstacle to expanded trade among European countries is not tariffs, but the quantitative restriction of imports. In view, however, of the current balance of payments difficulties of many European countries it would be difficult to secure the removal of these restrictions at the present time. If such obstacles are to be removed by the European countries as far as their mutual trade is concerned, we must be willing to remove our own tariffs and quota restrictions. Immediately, however, such removal, and the other action implicit in full economic co-operation, would mean the abandonment of many policies which in existing economic circumstances we regard as vital. The system of Imperial Preference would, to some extent at any rate, be weakened. Our policy for home agriculture with all that implies strategically, politically and economically, would have to be profoundly modified . . .

A Customs Union under which trade continues to be hampered by quantitative restriction of imports would be a sham, and if this country were to contemplate entering a Union it would have to be a reality and not a sham. A Customs Union which is a sham would give us the worst of both worlds. We could not develop our protected agriculture and industries because there would be a constant risk of the home market being invaded by European competition. But we could not rely on an assured market for our exports, because at any time these might be held up by import restrictions imposed (and necessarily imposed) owing to balance of payments difficulties. Also any Union, even if it were confined to tariffs, would raise serious difficulties in relation to Commonwealth preference.

European economic co-operation, whether starting from a Customs Union or otherwise, might entail a considerable measure of common action among the members in fiscal, financial and other economic fields, which would only be workable if the members gave powers of decision in these fields to a central body . . .

We consider that such arrangements would involve a measure of Union control over exchange rates combined with a system of Union rationing of 'hard' foreign currencies and with inter-member credit facilities going some way, but not necessarily the whole way, towards a pooling of monetary reserves and a possible right for the Union to intervene in domestic policy in the event of substantial inflationary or deflationary developments in the economies of particular members having severe repercussions on the economies of other members. They would also involve some degree of Union control over the use of subsidies, Union right to require the discontinuance or scaling down of any internal tax which discriminated against imports from other countries in the Union, and of any consumption tax which bore severely on Union imports of which there was no home production . . .

It may be doubted whether democratic Governments would be willing, in

spite of the economic advantages which the Union might bring with it, to give to any international body the ultimate power to suggest or enforce the devaluation of their currencies . . .

If this is so, there is a strong presumption that if the Customs Union were to survive it would, in the present conditions of economic disequilibrium in Western Europe, have to move towards a full economic union with a single economic and financial policy. Experience of past Customs Unions goes to show that in themselves they represent only an impermanent half-way measure and that they have always either passed on to the stage of political fusion or else broken up.

Source: PRO, CAB 134/219, E.P.C. (48) 78

Document 1.8

The Council of Europe was formed in 1949 comprising a Committee of Ministers and a Consultative Assembly. While this arrangement was consistent with the British emphasis on European cooperation, Bevin initially had no wish to create such a body and was greatly irritated by French-inspired plans for a stronger and more federal organisation. The experience reduced Bevin's interest in European unity, and the early proceedings of the Consultative Assembly confirmed his worst fears about creating a hothouse for federalist opinion. The following extract is taken from a memorandum by Bevin (19 October 1950) dealing with the origins and early development of the organisation.

3. There have always been two conflicting views of the nature and purposes of the Council of Europe. To the majority of Governments which set it up the Council of Europe was not an instrument for the immediate political unification of Europe, but part of the general material and moral build-up of which other aspects are represented by the O.E.E.C. [Organisation for European Economic Cooperation], the Brussels Treaty and the North Atlantic Pact. Their object was merely, as the Preamble of the Statute puts it, to bring 'European States into closer association.' They had no intention of conferring the powers of a European executive upon the Committee of Ministers, still less on any body emanating from the Consultative Assembly. Nor had they any intention of allowing the Assembly to become a responsible parliament. The Committee of Ministers was intended to be an organ of inter-governmental co-operation, covering fields, and including countries, not dealt with by other organisations. The Consultative Assembly was intended to be a forum of opinion and a forcing-house of ideas, broadly representative of political tendencies in the countries concerned but not so closely bound to governmental policies as to be unable to discuss European problems from a reasonably detached point of view.

4. From the outset this conception has broken down. The idea of a European Assembly had been launched by the European Movement and the Assembly has from the first been dominated by that organisation. The driving force behind the Assembly's actions has thus been an energetic and able pressure group dedicated to the objective of transforming the Consultative Assembly into a European