

British Entry to the European Community, 1970-4, and the  
Cognitive Paradigm of Foreign Policy Change.

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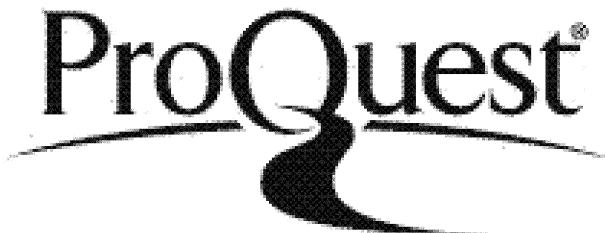
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## ABSTRACT

This thesis is about change in foreign policy. It aims to develop the case study of Britain's entry to the European Community and theoretical perspectives of foreign policy change in a mutually helpful way. It contends that foreign policy change cannot be understood without both a theory of the international system and a theory of how governments make decisions and interact. A case will be made for adopting a cognitive theory of decision-making within a critical perspective of international structures. Where other approaches often force accounts of change into an analytical mould of movement towards a well-defined and predictable equilibrium, the critical/cognitive combination allows hypotheses to be formed about the uncertainties, imperfections and inchoateness of change. The case of British entry to the European Community, 1970-4, will illustrate the value of such hypotheses.

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## INTRODUCTION

Britain's entry to the European Community gives the appearance of choice, yet has been analysed in terms of necessity. Although exhaustively debated and the subject of a closely fought domestic contest, it has been claimed that choice was illusory. Thus F.S. Northedge writes: "By 1970, there was nowhere else for Britain to go but into the Europe of the Six... had the Six realised it, they could have made <sup>1</sup> the fee for British entry even higher than they did".

This is no paradox to a neorealist for whom the preferences, perceptions and processes within a state may be neither here nor there. As S. Haggard and B.A. Simmons sum up this view, "national policies cannot be inferred from intentions, efforts or goals because structure tends to mould outcomes <sup>2</sup> however the former vary".

However, it will be claimed here that there is no contradiction in representing foreign- policy changes, such as those involved in British entry to the EC, as both pre-structured and open-ended. The combination of a critical theory of structure and a cognitive theory of choice will make this possible. To see why, it is first useful to say some more about the logical characteristics of more

1. F.S. Northedge, Descent from Power: British Foreign Policy 1945-73, Allen and Unwin, London, 1974, P 328.

2. S. Haggard and B.A. Simmons, "Theories of International Regimes", International Organisation, Vol 41, No 3, Summer 1987.

mechanistic, or "Durkheimian", accounts of the international system, such as Kenneth Waltz's neorealist ideas, most famously developed in his Theory of International Politics.<sup>1</sup>

To Waltz, states are like chess pieces: their behaviour is not defined by their internal composition, but by the logic of the external relationships in which they stand to each other. Not only do the latter dominate foreign- policy change, but they constitute a system that is neither of the construction nor the choosing of governments. Once states are established to provide security in a field of insecurity, they are constrained to follow a balance of power logic, to imitate the most successful means of cultivating state power and to limit their co-operation to policies that do not compromise their ultimate ability to provide for themselves. The system is static in that all durable foreign policy change will occur within its logic; it is homeostatic in that such change will always tend towards a neatly defined equilibrium: in a process analogous to the company in economic theory, the state that is only marginally less efficient than others in responding to external imperatives, will suffer negative feedback until its policies are corrected. A monistic system based on the distribution of state power operates behind the backs of governments to direct their foreign policy changes towards

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1. Kenneth Waltz, Theory of International Politics, Addison Wesley, Cambridge, Mass, 1979. See also Kenneth Waltz, "Reflections on Theory of International Politics", in Robert O. Keohane (ed), Neorealism and its Critics, Columbia University Press, New York, 1986, P 331.

equilibria that are enforced by feedback, where they are not intended or desired by decision-makers themselves.

As neorealists import Durkheimian theories of system from general social philosophy, it is logical for critics to go back to the same source for alternative theories about the structuring of social life. Two accounts of the alternative offered by critical theory will be employed here: Michel Foucault's Archaeology of Knowledge<sup>1</sup> and Anthony Giddens's Central Problems in Social Theory and Constitution of Society<sup>2</sup>. According to critical theorists, the structuring factors in social life should include all those properties needed to reproduce entities or practices of social value across time and space. Various implications follow which show how the Durkheimians fail to distinguish what makes a system one of human actors, rather than natural objects.

By contrast, to the monism of Durkheimian systems, the structuring of social life is irreducibly pluralistic. Any social actor, such as a government, will often want to reproduce several entities and practices across time and space: the power and security of the state in the field of international politics, the competitiveness of the economy in a given international division of labour and the

1. Michel Foucault, The Archaeology of Knowledge, Tavistock Press, London, 1972.

2. Anthony Giddens, Central Problems in Social Theory, Macmillan, London, 1979, The Constitution of Society, Polity, Cambridge, 1984.

government's own domestic survival will all require alignment with quite different imperatives ; the reproduction of each social practice involves governments in varying, and even conflicting, "logics of external interaction" with other entities. For example, governments face a logic of self-help in ensuring both the international economic success of their societies and the physical security of their states, but the two may cut in opposite directions. For fear that others may steal a competitive advantage, governments may feel compelled to allow their economies to go beyond a point of integration to the international division of labour, and to appropriate fewer resources to an independent defence, than would be prudent for states primarily concerned for their separateness and security in an inter-state system.

Even to reproduce one of the social practices with which a government is concerned requires attention to several structural realities. Taking up an advantageous position in a distribution of resources will never be enough, as even command relationships require a minimum of viable inter-subjective structuring: the sharing of meanings, routines and norms with other actors.  
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Social structuring is, therefore, said to require configurations of both rules and resources. But in politics and other social activity, neither rules nor resources have

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1. Giddens, op cit, 1984, PP 18, 37, 88-9.

a static significance; they are "performatives": they acquire their effectiveness in how they are used and how they impress. Moreover, human objects of social systems can communicate discontents and co-ordinate to transcend constraints. Thus where Durkheimians posit structures that are static and set apart from social activity, critical theorists claim that they are recursively<sup>1</sup> implicated in that activity. Little happens that is not pre-structured, yet capable of redefining how "things will go on": "action and structure presuppose each other"

Bringing together the plurality and recursiveness of social structuring, Foucault calls for analysis to switch from explaining political developments as the outcomes of "great silent, sedimentary substrata" to admitting that social reality consists of "several different series that overlap and intersect without being reducible to a single model of causality or linear progression". A Durkheimian approach, the whole methodology of which is to "detemporalise and detotalise", cannot capture the possibility that change is not neatly defined within a single hegemonic system, but occurs at the points of "rupture, tension and discontinuity" between the several, recursive systems that structure an entity's social setting. These alternative

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1. Giddens, op cit, 1979, P 53.

2. Foucault, op cit, P 8. Also, Richard K. Ashley, "Living on Border Lines", in James Der Darian and Michael J. Shapiro (eds), *International/ Intertextual Relations*, Lexington Books, Mass, 1989, PP 259-313.

perspectives clearly have very different implications for the ways in which an entity, such as a foreign-policy making government, should go about the tasks of creating and adapting to its environment.<sup>1</sup>

If structures are recursive, it follows that they are more permissive than is suggested by the constraining account in Durkheimian theory. This is a point conceded by Waltz himself. "Structural and unit level causes interact ..the bothersome limitations of systemic analysis arise from the problem of weighing unit level and structural causes". In a famous analogy, Arnold Wolfers argues that situations are rarely so compelling that human action can be predicted from context alone; where a house is on fire, everyone will make for the exits, but where it is just over-heating, there are many plausible responses: the environment is structured, but choices still have to be made.<sup>2</sup>

This is especially so where the decision-maker finds himself having to decide how to distribute his resources between responding to several systemic relationships. Herbert Simon adds that units are only compelled to converge on a single standard of systemic behaviour where they are in fierce competition for a shortage of secure niches. Over time,

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1. See the traditionalist/transformationalist distinction on page 16.

2. Waltz, op cit, 1986, PP 343-4.

3. A. Wolfers, Discord and Collaboration, John Hopkins University Press, London, 1962, PP 14-6.

they usually develop differentiated characteristics, protected positions in their environment and margins of safety beyond bare needs. Moreover, where all behave imperfectly, there is more room for each to choose its behaviour.<sup>1</sup> For all these reasons, systemic analyses rarely avoid the need for supplementation by theories of human choice: a point that is willingly conceded by critical theorists, grudgingly, if at all, by Durkheimians. Michael Brecher argues that there is both an operational and a psychological environment of decision-making. Foreign policy takes place in a structured context, but that context has to be refracted through the interpretative frames of decision-makers before choices are made.<sup>2</sup>

A "rationalistic" theory of choice provides the best fit with a neorealist view of system. It presents actors as making synoptic calculations of all options available and of all the likely costs and benefits that may ensue times the probability of their occurrence. In calculating costs and benefits they are able to hold all their values in mind, blending them into a single commensurable measure of utility and comprehending how much of one value will have to be traded off to attain another. This exercise enables them to

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1. Herbert Simon, Reason in Human Affairs, Blackwell, Oxford, 1983, PP 14-6.

2. Michael Brecher, The Foreign Policy System of Israel: Setting, Images, Process, Yale University, Press, New Haven, 1972, P 4.

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optimise returns. It all implies formidable knowledgeability of self and environment. However, John Steinbruner, suggests that this is too demanding and that actors should be described as rationalistic if they only strain towards the ideal by continuously seeking 1) to up-grade pictures of context: "analytic learning" 2) to improve the accuracy of estimated trade-offs between values in the environment: "  
2  
value integration". Such a view of choice fits the Waltzian perspective that governments will attempt to maximise the power and interests of the state and that they will not resist unwelcome lessons over long periods.

By contrast, a cognitive theory of choice goes well with a critical view of structure. They come from the same epistemological stable, such that it would be perverse to use one but not the other. Both challenge the tradition that the reality of assumptions is immaterial, so long as they yield good predictions. Just as critical theory claims to be based on observation of how social phenomena are, in fact, structured, cognitive theory is based on empirical experimentation with how actors perceive and decide. Critical theorists also stress that all structures need an inter-subjective dimension: shared understandings of how things work, norms that govern the legitimisation of actions,

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1. Barry Hindess, Choice, Rationality and Social Theory, Unwin Hyman, London, 1988. PP 9-29.

2. J. Steinbruner, The Cybernetic Theory of Decision, Princeton University Press, New Jersey, PP 42-3.

routines and socialised expectations that allow individuals to make decisions without being crippled by the uncertainties presented by the number and complexity of interaction patterns that could follow from each action. Giddens thus calls for social explanation to include a double hermeneutic: interpretation based on how actors <sup>1</sup> themselves interpret their environment. The power of cognitive theory to rise to this challenge will now be developed at some length as the distinctive theoretical aim of this thesis is to demonstrate the cogency of a cognitive account of action within a critical view of structure, as a means to explain foreign policy change.

The cognitive paradigm proceeds from the rejection of the idea that external context presents itself unambiguously to human actors, who are more or less efficient processors of system and interests. These are always open to many interpretations. Under such uncertainty, it is the nature of actors belief systems that are the key to predicting how they will behave. As A.J. Ayer puts it, "The account of the world is founded on the primitive elements of our experience, but it is also the product of theory..." it <sup>1</sup> cannot be prised away from our manner of conceiving it". Karl Popper explains that it is impossible to utter even the simplest conclusion about our environment without going

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1. Giddens, op cit, 1984, xxxiii.

2. A.J. Ayer, The Central Questions of Philosophy, Penguin, London, 1976, P 137.

beyond the facts. Theory is needed to posit criteria for selecting, classifying and correlating the facts, not to mention hypothesising causal relations. Because hypotheses are needed to establish relations between facts they are not reducible to facts and can never be other than " creative <sup>1</sup> intuition.." "

Even if facts could speak for themselves, there would always be too many ramifications in relation to the bounded rationality of man for decision-makers to calculate the effects of each decision. These always depend on the variable reactions of others, they cannot be calculated with reference to one time period only, they feed back in terms of a myriad of values and involve many trade-offs between values. As Steinbruner sums up cognitive theory, it presents the actor as coping with this irreducible uncertainty <sup>2</sup> categorically and not by calculation. He makes peremptory use of a few pre-existing beliefs and regular cognitive or mental operations to create a manageable simple and certain view of the environment; cognitive experiments reveal that, without these, actors are paralysed by uncertainty and can <sup>3</sup> neither describe nor prescribe.

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1. Karl R. Popper, The Logic of Scientific Discovery, Hutchinson, London, 1959, P 95.

2. J. Steinbruner, op cit, P 123.

3. R. Nisbett and L. Ross, Human Inference: Strategies and Shortcomings of Social Judgment, Prentice Hall, NJ, 1980, P 7.

The classic works that introduced cognitive theory to International Relations were Joseph De Rivera, "The Psychological Dimension of Foreign Policy" (1968), Robert Jervis, "Perception and Misperception in International Politics" (1976) and Steinbruner's "Cybernetic Theory of Decision" (1974). A summary of further research can be found in Christer Jonson, Cognitive Dynamics and International Politics (1982) and Richard Little and Steve Smith "Belief Systems in International Relations" (1988). The general conclusions of cognitive science upon which these studies draw are well collated in Richard Nisbett and Lee Ross, Human Inference, Strategies and Shortcomings of Social Judgement (1980) and Daniel Kahneman, Paul Slovic and Amos Tversky, Judgement Under Uncertainty (1982). The principal perspectives of International Relations decision-making that have been drawn can be summarised as follows:

1. Given the openness of political environments to so many
1. Joseph De Rivera, The Psychological Dimension of Foreign Policy, Merrill, Columbus, Ohio, 1968.
2. Robert Jervis, Perception and Misperception in International Politics, Princeton University Press, NJ, 1976.
3. Steinbruner, op cit.
4. Christer Jonson, ed, Cognitive Dynamics and International Politics, Francis, Pinter, London, 1982,
5. R. Little and S. Smith, eds, Belief Systems and International Relations, Blackwell, Oxford, 1988.
6. Nisbett and Ross, op cit.
7. D. Kahnemann, P. Slovic and A. Tversky, Judgment Under Uncertainty, Cambridge University Press, London, 1982.

interpretations, pre-existing beliefs and cognitive operations are a key level of causation in the flow between environmental stimuli, actor decisions and outcomes. They determine which pieces of information are even noticed, how they are interpreted and which prescriptions are considered.

Broadly speaking, politicians are likely to apply three types of cognitive operation. They may base their decision-making on a propositional theory or a paradigm; thus foreign policy behaviour would differ between decision-makers who take a monetarist or Keynesian view of the world economy, or hold to one of the many theories of European integration etc. Of particular interest here, is a distinction introduced by Steve and Michael Smith between foreign policy actors who take traditionalist and transformationalist views of international relations; the traditionalist believes that governments should continue to concentrate on the power, security and sovereign separateness of the states they represent: in a manner evocative of critical theory, the transformationalist holds that the latter can only be one systemic consideration in a field of pressures and that the state itself may even need to be transformed or diminished in favour of new political forms better suited to meeting the external needs of the society that it represents.<sup>2</sup>

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1. Steve Smith, Introduction to R. Little and S. Smith, op cit.

2. Steve and Mike Smith, Introduction to Michael Smith, Steve Smith and Brian White (eds), British Foreign Policy: Tradition, Change and Transformation, Unwin Hyman, London, 1988. PP 4-6.

The key level of causation provided by the fact that decision-makers may themselves be guided by theory has often been excluded by those afraid of reifying intellectual constructs; but reification only occurs with the false or inaccurate attribution of ideas to actors.

Alternatively, decisions may just employ a bagatelle of what cognitivists call schema or scripts - expectations that a fact of a certain kind will be followed by a predictable sequence - as in the use of historical analogies, stereotypes, standard operating procedures and proverbial wisdom such as " Trojan Horse" or " Thin end of the wedge".<sup>1</sup> Finally, politicians may just " decompose their environment" into a few relationships, only ever thinking about them one at a time, as they become urgent. This is Steinbruner's cybernetic variant of the cognitive paradigm; it shows how the decision-maker may try to adjust to his environment by choosing to monitor certain kinds of feedback and without striving to understand how things work or inter-relate.<sup>2</sup> Whichever strategy is employed, some conceptual model is always implicit. Even cybernetics requires some guess as to the "critical variables" that should be monitored for

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1. Nisbett and Ross, op cit, PP 29-35.

2. Steinbruner, op cit, PP 47-66.

negative or positive feedback.

2. As Foucault argues, conceptual models used in human choice are not deductively sound constructs. This is often even true of elaborate propositional theories. They impose their own connections between phenomena, their own criteria for classifying things as important and missing others altogether, for memorising some lessons of the past and not others etc . They are " dispersions.. full of gaps,<sup>1</sup> discontinuities and incompatibilities". An important strength of cognitive theory is that, in contrast to accounts that have had to rely on rationalistic accounts of human action, it shows how choice may be full of imperfections, yet patterned.

A few regular characteristics of political behaviour can be summarised. It will under- estimate complexity and ambiguity in the environment as the whole purpose of cognitive mechanisms is to simplify. Actors do not employ criteria of logical or statistical/inductive reasoning, but function as " naive social scientists". In their striving for coherence and simplicity, they over-asccribe causation, ignore coincidence, randomness and accident, perceive correlations and intentions where none exist, infer invariable relationships from weak covariations, snatch at explanations, often accepting the first that comes to mind and pay insufficient regard to whether A causes B, or B

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1. Foucault, op cit, PP 56-9, 71-2.

causes A or both are caused by a third factor. They are biased against the ambiguities of multi-causation and in J.S. Mill's words hold a "prejudice that a phenomenon can have only one cause". They expect effects to resemble causes and thus slip into loose, associative thinking. Their interpretations are skewed towards the vivid, the concrete and ease of recall. Thus decisions are more likely to be based on anecdote and personal experience than statistical research. They are inattentive to variation in problem structure and context; thus so long as there is some superficial reason for applying a theory or a historical lesson, it will often be adopted with little regard for differences in circumstances. As Nisbett and Ross put it,<sup>1</sup> actors are fecund but facile in their causal explanation.

3. In parallel with an environment fractured between many structures, decision-makers may well operate with more than one conceptual model, a problem which will be compounded in a bureaucracy where different agencies will often look at problems in conflicting ways. Foucault has argued that there is no hidden, "calm unity of coherence" beneath all the discursive practices by which actors organise perceptions of<sup>2</sup> their environment. The theory of cognitive consistency, hypothesises that actors will, however, strive to screen out all the conflicts that derive from their different ways of

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1. Nisbett and Ross, op cit, PP 115-28.

2. Foucault, op cit, P 155.

thinking about social life and to claim that each idea points to the same conclusion after all.

This has important implications. Foreign policy will often be characterised by inter-paradigmatic tensions as decision-makers strive not to articulate conflicts inherent in different ways of thinking about problems: for example, the potential strains between basing policy on the sovereignty and separateness of the state on the one hand and on the common management of interdependence or the further integration of markets to secure economic reproduction on the other. Decisions will under-estimate the difficulties of chosen courses and the extent to which one value has to be traded off to attain another: they are said to lack value integration. They will also tend to be over-justified and may even be presented as panaceas. Single solutions are offered for many goals: too few solutions end up chasing too many equations. Decisions are misconceived as equilibrium points which tie everything up in one go, when they are usually flows with an initial move requiring several <sup>1</sup> supplementary actions.

Pay-offs, costs and interests do not enter decision-making as objective quantities. Perceptions of these are skewed by the basic predisposition of actors to make or decline the decision. An affective, emotional or ideological commitment

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1. William Wallace, The Foreign Policy Process in Britain, Allen and Unwin/RIIA, London, 1976, P 5.

to the success of a goal will influence assessments of its feasibility and profitability. An expectation that something is inevitable will incline an actor to believe that it would be to his liking or in his interests. Commitment to a group or relationship and a cult of consensus will prompt actors to see the common line as in their interests and reconcilable with all the other groups and relationships they value. Of course, there will have be "lead" and "lag" factors with the latter being redefined to point to the same conclusion as the former. But what leads and what lags in decision-making cannot be fitted into a set hierarchy of importance. For instance, it is not clear that beliefs about international structures will lead in foreign policy-making. On the contrary, the exigencies of electoral, parliamentary and party politics, the ideological and domestic problems of adjusting to a new international alignment etc may be the more vivid and immediate preoccupations and thus shape beliefs as to what international structures demand.

In the vein of Steinbruner's cybernetic paradigm, decision-makers may vacillate between basing their lead beliefs on a whole host of considerations, depending upon which has most recently been the subject of negative feedback. Far from comprehending the whole political picture, politicians are, at any one time, dominated by an evoked set, a narrowly defined range of seemingly urgent concerns. In their

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1. Jervis, op cit, PP 356-65.

2. Jervis, op cit, PP 203-17.

determination to find a solution to these, they screen out or re-interpret the costs to other values, until these too force themselves back on to the agenda.

4. A further key implication of cognitive consistency is what Steinbruner calls the <sup>1</sup> "principle of economy": the decision-maker responds to a changing environment with minimum adjustment to his belief structure. Any portfolio of beliefs and cognitive operations will be a stable predictor of political behaviour as the actor will bend all efforts not to change his world view. Learning occurs by reinforcement. Further experience does not lead to critical reappraisal of preconceptions; instead the accumulation of knowledge takes the form of an ever greater number of hypotheses expressed in terms of the initial preconceptions. The sunk investment in the structure makes revision epistemologically increasingly costly with time.

Actors strain to integrate all new information to old beliefs. They seek to eliminate all "dissonances". There is even evidence that actors' may preserve their beliefs beyond the disproof of the initial arguments that gave rise to <sup>2</sup> them. Beliefs are constructed with "confirmation biases", inclining the actor only to notice confirming evidence. In their extreme form, they become "outcome irrelevant

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1. Steinbruner, op cit, 1974, P 102.

2. Nisbett and Ross, op cit, PP 184-9.

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learning structures".

Jervis shows how political change will thus tend to follow distinctive paths. There will be long lags between changes in the environment and in political behaviour. The first reaction to discrepancies that do not fit existing beliefs is to screen them out as flukes, misperceptions, temporary deviations etc. The second is to admit the new information but to evade the need for change; decision-makers often believe that change can be postponed, or that the old policy can accommodate a few exceptions even if this makes it increasingly rococo, or that there is anyhow no alternative to the existing policy. The third reaction to policy failure is to attempt preservative change. Changes are made in the belief that they are really continuities, shoring up old ways. Finally, actors will try to jettison their peripheral beliefs only. If even this fails, and core beliefs have to be sacrificed, change is likely to be traumatic and may take the form of an indiscriminating  
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substitution of old ideas by their opposites.

5. A key belief that actors will seek to preserve from unwelcome change is their "concept of self". Theories that reduce political units to efficient processors of structures

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1. H. Einhorn, "Learning from Experience and Sub-optimal rules" in Kahnemann et al, op cit, P 275.

2. Jervis, op cit, PP 289-95.

and interests fail to capture the importance of identities in politics: the struggle to sustain a flattering and stable self-image , or role, defined by Holsti as expectations and norms that attach to specific entities in a system. As Wallace and Tugendhat rightly put it, " Foreign Policy is unavoidably bound up with a nation's view of itself". Any gap that opens up between its own elite's concept of role and the roles others ascribe to it, is likely to lead to indignation, or a feeling of confusion and insecurity with the loss of a key cognitive device needed to bring certainty, simplicity and stability to the understanding of a self/environment relationship.<sup>1</sup>

6. Belief systems are formed by a combination of experiences and socialisation into consensual knowledge structures. Decision-makers will tend to appraise new situations in the light of lessons drawn from previous experiences. This introduces a heavy element of epistemic distortion to political behaviour as each historical happening is " context bound" and memories of it are usually a " tapestry of fact and fiction". "Cascading error" often follows with

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1. K.J. Holsti, " National Role Conceptions in the Study of Foreign Policy", International Studies Quarterly, Vol 14, No 3, September 1970, P 258.

2. William Wallace and Christopher Tugendhat, Options for British Foreign Policy in the 1990's, RKP/RIIA, London, 1988, P 9.

3. Y. Vertzeberger, " Foreign Policy Decision-Makers as Practical Intuitive Historians: Applied History and its Shortcomings", International Studies Quarterly, Vol 30, No 2 June 1986.

each new round of decision-making neglecting new difficulties for a preoccupation with avoiding the problems of the last. Moreover, the lessons from experience do not receive equal attention. Decision-making will be most affected by vivid, dramatic and personal experiences. Formative happenings, constitutive of political awareness, will disproportionately condition behaviour.

The socialised dimension of individual belief systems echoes the stress of critical theory on the importance to any successful interaction of intersubjective structures of shared meanings, cause:effect analyses, stabilised expectations, and norms to legitimise actions. The trouble is that actors will be socialised into various intersubjective structures; norms and shared meanings that ease the problems of international co-operation, often known as regimes, may clash with the inter-subjective structures into which elites are socialised as members of a national political culture or bureaucracy or sub-national interest group, political party, ideological tendency etc. The problem is that the latter may enjoy a robustness and complexity that cannot be matched by the novelty and contestedness of international regimes.

7. Snyder and Diesing's comment that "inter and intra government decision-making differ and need integration"<sup>1</sup>

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1. Glenn Snyder and Paul Diesing, Conflict Among Nations, Princeton University Press, NJ, 1977, P 28.

points to the neglect of the study of interaction as opposed to theories of systems and the foreign policies of individual governments. Cognitive theory can help to fill the gap without the pitfalls of the stylised approach of game theory. Interactions can be hypothesised to be a function of the relationship between inter-subjective structures of international dealing and belief systems to which elites are socialised at the national level.

Patterns of interaction and co-operation across states may be more problematic than those within them, but where they do occur, Governments will prefer partners whose own belief systems, political culture, sense of identity etc are most compatible with their own. They will also aim to minimise strain between belief systems at the various levels. As only some will succeed, and the result will be of enduring significance, even co-operation between states may be preceded by an initial tussle to mould the regimes - norms and expectations- of interaction.

Without robust inter-subjective structures, interactions will be more exposed to the ways in which governments process information about each other through their detached belief systems . They will have preconceptions by which they interpret all moves of other states. This can lead to cognitive mirroring, or whole spirals of misperception.<sup>1</sup> Behaviours based on certain assumptions about other states

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1. Jonson, op cit, P 12.

often either provoke self-confirming reactions, or are interpreted in line with the initial assumptions. Governments thus often dig themselves ever deeper into set beliefs about each other. Various cognitive features may help to initiate a cycle of misperception. Where actors tend to see their own thwarted or misunderstood behaviour as well-intentioned, important to everyone's well-being, necessary in the situation, or, at worst, accidental, they regard the unwelcome actions of others as avoidable, directed towards themselves and the calculated product of an efficient and unitary process of decision-making. In short, a mixture of lack of empathy and egocentric bias can introduce a frustration to international dealings.<sup>1</sup>

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It is now necessary to adumbrate a research programme. The first task is to define a dependent variable: what constitutes foreign policy change? Using one definition, it can be taken to be change in "actions directed at affecting or responding to individuals, groups, states and conditions outside the sovereign community".<sup>2</sup> But whose actions are relevant? On the one hand, to talk of state actions is to reify and miss the ferment of group and individual actions within governments. On the other hand, William Wallace is

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1. Jervis, op cit, PP 353-64.

2. W. Carlsnaes, Ideology and Foreign Policy, Blackwell, Oxford, 1986, P 69.

correct to remark that foreign policy cannot be reduced to individual decisions; it takes place within a culture of shared assumptions, especially in Britain's case where the policy-making elite is quick to prescribe "sound lines" on <sup>1</sup> most issues. With this in mind, changing elite perceptions and actions will be taken as the main unit of analysis in British entry to the EC. However, even in Britain, elite assumptions will not be entirely homogeneous, and some attention will still have to be paid to individual idiosyncracies, especially where these intersect with a heavy concentration of power over final foreign policy decisions in the hands of the Prime Minister, Foreign Secretary and senior officials.

The next step is to define what is to count as good explanation. To Popper the quality of a theory is like the fineness of a mesh: it is a matter of how much of reality can be caught in its explanatory hypotheses. But before testing theories against each other, it is necessary to specify their logical dissimilarities: to make a series of predictions of what patterns can be expected in the data if <sup>2</sup> one theory applies rather than another. A rationalistic theory of choice within a neorealist account of structure implies an equilibrium view of change, while a cognitive theory of decision-making within a critical account of structure implies that change is "path-dependent"; actors

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1. Wallace, op cit, P 6.

2. Popper, op cit. PP 32-4.

can be pictured as moving along a path and facing a variety of teleologies at each point; outcomes are probabilistic, rather than deterministic, in that the actor's situation is pre-structured only to the extent that different probabilities of costs and benefits attach to each possible move; he still has to guess the probabilities and make a choice of value; moreover, in making his decision, he may contribute to the continuous redefinition of cost/benefit structures for the future.

It might be objected that the cognitive/critical approach is the less parsimonious account. However, what Popper actually says about parsimony is not that it is a matter of the paucity or elegance of assumptions *per se*, but of how far they open themselves to disproof: <sup>1</sup> of how many possibilities they preclude by assumption in order to become powerful, non-tautologous theories. It is hard to think of any aspect of the analytical/neorealist view of change that does not have a counterpart assumption, equally open to disproof, in the cognitive/critical theory. Moreover, the key factor is the gearing of a theory: the amount it can explain in relation to the parsimony of its assumptions. Here it will be contended that the critical/cognitive account is far richer in that it can explain not just the fact of change, but its character - why it takes one form and not another. Moreover, even where contexts are structured in a

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1. Popper, op cit, pp 136-46.

Durkheimian fashion, actors often find themselves adjusting from one equilibrium to another by routes so lengthy and tortuous that a theory which can explain patterns of disequilibrium, of how and why adjustment is so imperfect, tells us more about the political conditions that prevail for most of the time.

Popper also argues that theories should be tested by devising hard test cases. British entry to the EC is a hard case for the cognitive/critical approach in that it can be presented elegantly and simply in neorealist/analytical terms. Applying Waltz's analogy with the firm in economics, some markets include many firms of roughly equal size. None can dominate and all are equal in having to "take" structures as they are. Some markets are, however, dominated by a few oligopolies, which can, to a degree, "make" their own environment, pre-empting perhaps cumulatively, a disproportionate share of prosperity and security to themselves. It follows that the worst situation is to be a small unit in a world of oligopolies. So long as Britain was on its own in a world of larger groupings it would continue to cultivate its power and prosperity less effectively than its competitors. It would eventually adapt to membership of a larger unit, regardless of internal preferences. But this co-operation would be ephiphenomenal to the real wish to preserve the power of the state. It will, indeed, be seen that adaptation to membership occurred despite a high degree

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1. See above, PP 6-7.

of reluctance: that goals were rarely articulated in terms of European integration, although they often referred to national power and prosperity.

Rather than giving a detailed breakdown of chapter contents at this point, each of the three parts of the thesis will be preceded by a brief introduction of its own. Part 1 will look at the evolution and coherence of elite views on Britain and the EC. Part 2 will discuss the dynamics of the negotiations and the domestic politics of ratification: the role of process in foreign policy change and the enduring effects that these stages may have had on Britain's new relationship with the EC. Part 3 will look at Britain's first steps in membership, providing an opportunity to test hypotheses developed in earlier chapters.

In the absence of access to official papers, a diverse set of sources has been employed. The "Seventies" series of interviews with senior politicians and officials, carried out by Philip Whitehead and associates, has proved invaluable. These have been supplemented by some interviews of my own, notably with Edward Heath, whose frank and full statements have filled some important gaps in research to date. Chatham House has meticulously collated contemporary press cuttings and speeches. These proved invaluable in two respects. First, the press was given detailed briefings of the entry negotiations, in preference to allowing reports to

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1. " The Seventies", interviews housed in LSE Archive.

be based on speculation. Second, leading politicians gave many interviews at the time; these stand as a record <sup>1</sup> untainted by retrospection or imperfect recollection. For the wider assumptions of policy-making and debate, two White <sup>2</sup> Papers, a great many columns of Hansard and the Bulletin of the EC were useful. Some very worthwhile secondary research-summarised in the bibliography at the end of this thesis - has been carried out on a myriad of specific issues that intersect with the story of British entry and it has been a rewarding experience to attempt to bring all this together. However, the only general work in English is Uwe Kitzinger's, Diplomacy and Persuasion, 1973, written by an academic who was also a participant with access to senior decision-makers. In French, there is also the work of Francoise De La Serre, who wrote an important summary of the negotiations for Documentation Francaise in 1972 and a general work, La Grande Bretagne et La Communaute Europeene, in 1987.

1. References to this collection will be footnoted as "RIIA Press Lib". The relevant series are Britain and the EC: Economic and Political Co-operation. Both cover 1970-4.

2. Britain and the European Communities: An Economic Assessment, Cmnd 4289 of 1970. The United Kingdom and the European Communities, Cmnd 4715 of 1971.

3. Uwe Kitzinger, Diplomacy and Persuasion: How Britain joined the Common Market, Thames and Hudson, London, 1973.

4. Francoise De La Serre, L'Adhesion De La Grande Bretagne a la Communaute Europeene, Documentation Francaise, NED 3882-3, 1972.

5. F. De La Serre, La Grande Bretagne et La Communaute Europeene, Presses Universaires de France, Paris, 1987.

## PART 1: THE CONTEXTS AND ASSUMPTIONS OF BRITISH ENTRY TO THE EUROPEAN COMMUNITY.

Edward Heath recalls that his Government of 1970-4 avoided fresh debate on whether Britain should enter the European Community as the decision had been taken in 1961 by the Macmillan Government.<sup>1</sup> This remark is revealing in that the first application made to the EC between 1961 and 1963 was to leave its own geological strata of policy assumptions. However, it is misleading to the extent that the contexts of Britain's European policy changed fundamentally between 1963 and 1970, producing supplementary rationales for EC entry.

Indeed, chapter 1 will focus on the evolving operational and psychological environments of Britain's EC policy between 1960 and 1972. Chapter 2 then goes on to examine the internal consistency of the assumptions about EC membership that were established by 1970-2 and the extent to which they can be said to have been well or poorly adjusted to the operational contexts.

In some ways, the evolution of Britain's European policy from 1960 to 1972 would seem to fit a rationalistic/neorealist account of foreign policy-change. Northedge's remark that Britain entered the EC because there was nowhere else for it to go presents the image of a state

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1. Interview with Edward Heath, December 1988.

2. Northedge, op cit, 1974, P 328.

adapting to well-defined compulsions in the international system, even if many of its elite would have chosen a different foreign policy in a less constraining world. Whitehall allegedly studied EC entry in greater detail than any previous policy option. Harold Wilson, Prime Minister from 1964 to 1970, boasted that if anyone wanted to know the effects of membership on pigeon-fancying, <sup>1</sup> a paper would be available. Chapter 1 will show how an initially simple set of assumptions that had spurred the application by Harold Macmillan, Prime Minister from 1957 to 1963, became an intellectually complex set of rationales by the time negotiations re-opened in 1970. It might seem that British policy-makers were at least rationalistic actors in <sup>2</sup> Steinbruner's sense of analytic learning.

However, the case will be made in the next two chapters that the critical view of the multiple, discontinuous and recursive structuring of political activity is far more illuminating of the contexts within which British foreign policy changed between 1960 and 1972. Meanwhile, regardless of their growing sophistication, the assumptions of Britain's EC policy revealed many of the imperfections and dynamics predicted of the cognitive actor in the introduction.

1. Harold Wilson, The Labour Government: 1964-70, Weidenfeld and Nicholson/ Michael Joseph, London, 1971, p 387.

2. See above page 12.

CHAPTER 1: ENTRY TO THE EUROPEAN COMMUNITY: AN EVOLUTIONARY FOREIGN POLICY.

1. Initial motives: EC entry as the pursuit of a traditional foreign policy by other means.

In spite of their pragmatic claims, Britain's foreign policy-makers had used a doctrine to structure their perceptions of the postwar world. Preconceptions of Britain's role and identity were grounded in a "self/environment" concept of the UK as the only country that stood at the intersection of the "three circles of the free world".<sup>1</sup> This would ensure privileged access to the US, leadership status in both Commonwealth and European politics and a place at the "top table" of US/USSR discussions, conferring a unique status intermediate between the superpowers and other states. Where other non-superpowers would find it hard to sustain independent, national foreign policies, Britain would be compelled to enjoy this privilege by a structure of international relationships that pointed to its unique ability to act as intermediary within the West and, to a degree, between East and West. But all would be lost if Britain became absorbed in any one circle.

In 1957, the British Government had not expected the EC to succeed, or even survive.<sup>2</sup> However, when it did both, it

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1. Joseph Frankel, British Foreign Policy: 1945-1973, OUP, RIIA, London, 1975, PP 157-8.

2. Alistair Horne, Macmillan:1957-1986, Macmillan, London 1989, PP 30-5.

presented some unpleasant shocks. Its formation occasioned a boom in production, trade and investment amongst the six. Productivity rose by more than 25% in the five years to 1960 compared with 11% in Britain. It was under the pressure of international comparison that the mood in Britain changed from contentment at the end of the 1950's with a new age of affluence to restless flirtation with elixirs for higher economic growth, beginning with the formation of the National Economic Development Council in 1961. In 1960, De Gaulle proposed that the Six should operate as a bloc in foreign policy-making ; the dangers of exclusion from this seemed all the more acute as the Six had not only put the EEC together against British expectations but were, by 1960, considering how to accelerate its development. In contrast to the axiom of British European policy that France and Germany were insufficiently agreed on anything to organise Europe without Britain, they began from 1958 to develop a strong bilateral axis that would stand in a mutually reinforcing relationship to the wider Community of the Six.

#### Traditional categories of British foreign policy thinking

1. C.J.F Brown and T.D. Sheriff in Frank Blackaby, Ed, De-Industrialisation, Heinemann/NIESR, 1979, P 249.
2. Horne, op cit, PP 468-9
3. Miriam Camps, Britain and the European Community: 1955-63, Princeton, New Jersey, 1964, P 255.
4. Horne, ibid, P 257
5. Jean Lacouture, De Gaulle: Le Souverain, Seuil, Paris, 1986, PP 293-309.

structured both fears of Britain's exclusion from the EC and the initial goals sought by joining. "Three circles" was a robust and pervasive frame of reference - or what cognitivists would call a core belief around which others are structured- precisely because it fused the key assumptions of traditional British foreign policy. First, that economic and alliance relationships spanning the whole Atlantic area were the "minimum mass" that could guarantee <sup>1</sup> security and prosperity. Second, although Britain was small in relation to this Atlantic mass and the US superpower, it was essential to its status as a fully sovereign state that it should strive for as much independent, national influence over its international context as any other power. Third, with small physical capabilities, this could only be achieved through the deft structuring of international relationships: privileged access to the decision-making of others would be guaranteed by the value of Britain's consultancy and its diplomatic ability to help the three circles realise their complementarities. By using its special relationship with the US to communicate the concerns of others, Britain would ensure leadership of Europe and the Commonwealth. By being useful to the US in organising coherent responses from the two more diffuse circles, Britain would guarantee access to Washington as an equal and <sup>2</sup> not a supplicant. Influence could be had without power.

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1. Lord Carrington, Reflect on Things Past, Collins, London 1988, P 230.

2. K. Waltz, Foreign Policy and Democratic Politics: The British and American Experience, Little:Brown, Mass, 1967.

The success of the EC challenged this world view. It was feared that the EC would unravel Britain's deftly constructed relationships. Sir Con O'Neill, the senior official on Britain's negotiating team 1970-1, argued that the principal force behind entry was a "feeling that we were becoming increasingly side-tracked and insignificant": Britain would be excluded from decisions and opportunities in the European circle where its interests were most concentrated. EC powers would erode and even arrogate Britain's non-European contacts. A secret foreign policy review, revealed by the 1959 cabinet papers, illustrates the fear that the EC would eventually challenge Britain's international position and that the US, with its commitment to European integration, would acquiesce in this. A further Whitehall view was that the US would always look for a principal European negotiating partner and the EC would become progressively more suited to this role than Britain. Michael Stewart, Foreign Secretary 1965-6 and 1968-70, argued that the Commonwealth could also "be undermined" with the UK outside the EC. Trade and aid were among the only remaining adhesives of a ramshackle Commonwealth. However, Commonwealth countries faced increasing opportunity costs in not transferring the

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1. Interview with Sir Con O'Neill, "The Seventies".

2. The Guardian, 1 January 1990.

3. Camps, op cit, 1964, P 280.

4. Michael Stewart, Life and Labour, Sidgwick and Jackson, London, 1980, P 162.

emphasis of their commercial relations to the EC. While Britain's share of world trade fell below 10% and its market grew only half as fast<sup>as</sup> the EC, the Six emerged as the world's largest trade bloc.

There were, in fact, two different fears of how the success of the six might isolate Britain. According to the first, potential power patterns in the Atlantic area would be shaped by manoeuvrings within a quadrilateral of US, UK,<sup>1</sup> France and Germany. The EC would remain a loose multilateral grouping, but it would add sufficient lustre to Franco-German collaboration for the latter to trump Britain as the obvious point of US access to European politics. However, even many pro Europeans remained uncomfortable about both French and German diplomacy. In 1971, Roy Jenkins, a leading Labour marketeer, argued that, as Europe developed political influence commensurate with its economic strength, France, Germany or both would "move into a position of greater power - none is appealing".<sup>2</sup>

Alternatively Europe might integrate and/or negotiate en bloc with the US. Jenkins argued, that in this event, Britain would have to forego expectations that it could take part in "making" its international environment and accustom itself to "taking" whatever structures were

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1. Donald Watt, "Anglo/German Relations Today and Tomorrow" in Britain and West Germany, Karl Kaiser and Roger Morgan, eds, RIIA/OUP, 1971, PP 210-1.

2. The Times, 10 May 1971.

decided by others. He recalled that, as Chancellor of the Exchequer 1968-70, at a meeting of the "Group of Ten" finance ministers, he had had to wait for EC and US ministers to confer amongst themselves, knowing that Britain <sup>1</sup> would have to accept whatever they decided.

Under three circles premises, Britain's elite felt all the more exposed in dealings with the US from outside the EC for the lack of independent multilateral supports. Macmillan argued that the European Free Trade Association, EFTA, which had been Britain's initial response to the EC, might have to become a peripheral political bloc if Britain was to have <sup>2</sup> satisfactory influence over its environment. Wilson felt that Britain needed to find some new independence from the <sup>3</sup> US "especially in the political field". In 1971, Heath told Pompidou that dealings with the US had always depended on Britain having other relationships, without which it was <sup>4</sup> left with nothing but the stark fact of US/UK inequality.

Indeed, the very fact that Britain's elite operated with the intellectual construct provided by the three circles doctrine, probably magnified fears of exclusion from the EC. By stressing the degree to which Britain's external

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1. Frankel, op cit, P 256

2. Frankel, ibid, P 241.

3. Harold Wilson, op cit, 1971, P 337.

4. Interview with Edward Heath, December 1988

relationships all hung together, it encouraged the albeit belated inference that all could fall apart with continued exclusion from the European circle. According to interviews with dipolmats, EC entry only became a top priority in the Foreign Office with Dean Acheson's speech in 1962.<sup>1</sup> In what was to become a formative incident in itself in British thinking, the former US Secretary of State warned that " The attempt to play a separate power role- that is a role apart from Europe..based on a special relationship with the US..on being head of the Commonwealth.. this role is played out".<sup>2</sup> Some of the arguments above suggest that, with a touch of " egocentric bias", British decision- makers saw the EC as becoming an ersatz Britain: as evolving to pre-empt the slot in the pattern of international influence that the UK was supposed to occupy; if concepts of the latter had not i) been so grandiose or ii) implied that some middling powers were of little significance, while others were privileged with access to superpowers, leadership status etc, exclusion from the EC might have seemed less fearful.

Where Britain had sought to reconcile effective international influence with the continued sovereignty of the state, several Europeans supported integration. Britain could lose control over this problem if it remained aloof while the political forms of European collaboration were

1. G. Moorhouse, The Diplomats, Jonathan Cape, London, 1977, P 371.

2. C. Hill, " The Historical Background: Past and Present in British Foreign Policy" in Smith, Smith,White, op cit, P 49.

decided, only to find itself under pressure later to join whatever institutions had been forged by the Six. Macmillan wrote in his diary " we shall not be able to play our part in deciding the future structure of Europe" and it was a tragedy that Britain and France were not working together in the EC to entrench an " anti- Federalist" perspective.<sup>1</sup>

Successive British Governments feared that the Atlantic area as a whole would be badly managed if pulled between the US and European diplomacy without Britain. Macmillan feared a world caught between a " boastful, powerful Empire of Charlemagne - now under French but later bound to come under German control" and a US that would become "less and less friendly".<sup>2</sup> By contrast to US enthusiasm for European integration, many in Britain were preoccupied by the image of it dividing the Atlantic area. In 1960, Selwyn Lloyd, then Foreign Secretary, urged that the EC should not endanger relationships in NATO by encroaching on its agenda. Home's statement in 1971 that " Europe was in need of rationalisation" reflected a basic assumption that tensions could always spill over between several multilateral forums that were discontinuous across issues and participants.<sup>3</sup>

Recalling the distinction between traditionalist and transformationalist foreign policy concepts on page 16, the

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1. Horne, op cit, PP 260 & 319

2. Horne, ibid, P 236.

3. Home, speech to the WEU, 11 February 1971, RIIA Press Lib

1961-3 rationales for EC entry were clearly established within the former categories. The concern was with how to sustain the influence of the British state in an international diplomacy that would remain conventional in content and method. Many arguments implied that diplomacy would continue to be concerned with security, the manipulation of multilateral and bilateral contacts to achieve maximal influence and manoeuvre for one's own state, the hierarchical questions of national roles, prestige and rights of participation in international dealing. Entry was seen as a means to revive a specifically national diplomacy;<sup>1</sup> a leadership role could be reasserted in Europe, Britain could become a two-way channel between the EC and its Commonwealth contacts across the globe, and it would once again be able to approach the US as a principal initiator of European policy. Although the UK Government cared greatly about access to EC markets, it was assumed that this would be a matter of creating opportunities for private interests and that it would have minimal implications for transnational political forms or the separation of domestic from foreign policy-making.

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1. Christopher Hill, "Britain: a convenient schizophrenia", in C. Hill (ed), National Foreign Policies and European Political Co-operation, Allen and Unwin, London, 1983, P 24.

## 2. The gathering challenge to British Foreign Policy 1963-70

In distinguishing the operational and cognitive environments of foreign policy-making, Brecher argues that any lag between the two will lengthen where change in the former is slow and gentle, allowing old assumptions to be sustained by inertia and the ambiguity of new developments. But lags will <sup>1</sup> shorten if change is vivid, concentrated and crisis-ridden. If the largely traditionalist assumptions within which Britain's application to the EC was developed in 1961-3 proved inappropriate, events, such as those of 1963-70, could be expected to provoke changes in British foreign - policy thinking towards Europe.

Macmillan's decision to apply for EC entry in 1961 and the 1970-1 negotiations were separated by unusually intense challenges to the image of great power leadership and to confidence in Britain's ability to pursue an independent diplomacy. Events suggested that British Governments were becoming demandeurs, even ineffectual dependents. Home's summary of the position by 1970 was that "our earnings were mortgaged; our currency was vulnerable; we were unable to afford the costs of carrying out our full responsibilities <sup>2</sup> to our allies". A survey of British elite opinion, taken from entrants in Who's Who, revealed that as late as 1959,

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1. Brecher, op cit, P 525.

2. Home, speech 29 August 1970 in D.C. Watt and James Mayall, eds, Current British Foreign Policy: Documents, Statements, Speeches, 1970, Temple Smith, London, 1971, P453.

72% considered Britain to be the third power in the world.

By 1965, this had dropped to 39% with only 8% expecting  
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Britain to occupy such a position by 2000.

Britain's crisis of self-confidence in the 1960's was essentially economic in origin. It had hitherto been argued that other economies would only grow faster than Britain while they were catching up with its more advanced stage of development. However, others now overtook Britain and continued to grow twice as fast. It began to look as though Britain might even face a cumulative decline relative to others. By 1970, France, Germany and Benelux could supply between 50% and 100% more goods per unit of labour than the  
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UK. Indeed, the OECD predicted that the gap would widen with Britain only growing by a further 37% during the 1970's  
3  
compared with the EC's 67%. This was bound to affect Britain's position in the international hierarchy; the image of Britain as the third power in a world of superpowers might not be the final adjustment that would have to be made in elite concepts of its international status.

In the postwar period, Britain was the only major Advanced  
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Industrial Country to fall further behind the US in its

1. David Lerner, Euratlantica, Changing Perspectives of European Elites, MITS, 1969.

2. Brown and Sherriff, op cit, PP 248-9.

3. Hansard, 28 October 1971, Col 2124.

4. Hermann Van Der Wee, Prosperity and Upheaval: The World Economy 1945-80, Penguin, Middlesex, 1987, P 51.

economic development. The tenacious pursuit of EC entry needs to be set in the context of the near obsessive citation of adverse GNP comparisons from the 1960's onwards. According to Downing Street economic policy adviser, Brendan Sewell, the Heath Cabinet was " very much depressed by the league tables which showed other countries growing faster than Britain" - most especially by a report from Lord Rothschild's think- tank that Italy would soon overtake Britain. Jenkins recalls how the mood changed from an assumption in the 1950's that Britain should not become too involved with the poor economies of Europe to anxiety in the 1960's that Britain would be in deep trouble if it did not join in the prosperity of the EEC.<sup>1</sup><sup>2</sup>

But decline also began to manifest itself on Britain's external account, producing currency and balance of payments crises. The repetitive, traumatic and faintly humiliating nature of these were more likely than slow growth alone to provoke rethinking of Britain's external policy . From 1964 to 1969 the pound's problems were never far from the news. Britain had to accustom itself to its Prime Minister being in frequent negotiation for credits with other Governments and international bankers. The problem was that the pound had become a negotiated currency - a unit that is only reluctantly held by others with the result that its issuer is constrained in all kinds of economic and foreign policy

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1. Interview with Brendan Sewell, "The Seventies".

2. Interview with Roy Jenkins, " The Seventies"

to prevent it being dumped in the market. Whereas the other international currency, the dollar, involved the US with liabilities of 2% of its GNP in 1965, Britain's liability overhang amounted to 17% of its GNP.<sup>2</sup> At one point in March 1968, the pound was being sold at a rate that would have exhausted the Bank of England's reserves within four days.<sup>3</sup>

In 1971, Susan Strange's Sterling and British Policy summed up the important contemporary critique that a traditional foreign policy had slipped into a negative relationship with Britain's economic base. However engrained Britain's uncompetitiveness had become by the 1960's, its economy had started the postwar period with some advantages over rivals. These had been eroded by a foreign policy that Frankel has described as being based on a great power paradigm. British Governments devoted resources disproportionate to other middling countries to the security roles of the state and resisted the logic of multilateralism for independent capabilities. Moreover, Britain's position in the web of Atlantic and Commonwealth relations meant that it was not just spending a great deal on foreign policy but it was adding to its balance of payments problem by spending more

1. Susan Strange, Sterling and British Foreign Policy, Oxford University Press, London, 1971, P 17.

2. David Calleo, Britain's Future, Hodder and Stoughton, London, 1968, P 33.

3. Richard Crossman, Diaries: Condensed Version, Ed Anthony Howard, Methuen, London, 1979, P 457.

abroad on its foreign policy than other countries spent in Britain on theirs.

Far from being able to afford a great power insouciance to deficits on the "Government Account" of the balance of payments, the UK was frequently forced into deflation to defend its currency. It was at this point that the burdens of foreign policy bit hard into the productive base. Britain was never able to attain the mature phases of the economic cycle which brought investment and modernisation. With lagging productivity, dated products and strained labour relations, the deflationary cure to each balance of payments deficit worsened the next crisis on external account. Yet even in the 1960's, there would have been no deficits at all, but for the losses on the Government <sup>1</sup> Account. Moreover, Britain could have devalued earlier to ease the balance of payments problem if it had not continued to see itself as one of the powers responsible for sustaining international arrangements by example. It was because priority was given to an independent diplomacy and sovereignty that Britain had not joined the EC at its inception, when its economic position might have made it a principal beneficiary of market integration with West Europe.

Britain's trade policy had also given priority to cementing the Commonwealth as a coherent subsystem that would increase

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1. A.R. Prest and D.J. Coppock, The UK Economy, Weidenfeld and Nicholson, 5th Edition, London, 1974, PP 107 & 120.

the influence of British diplomacy. Preferential trading relationships had been established with a dispersed and largely under-developed Commonwealth and these had, in turn, complicated the negotiation of access to European markets. Unfortunately, trade during the postwar period was to grow most rapidly within regional blocs and where a similar stage of economic development made it easy for countries to sell into each others markets because they enjoyed like consumption habits. A preference for the Commonwealth over Europe may have retarded the modernisation of UK products.

British Governments had always faced tensions in responding simultaneously to all the pressures involved in reproducing i) a competitive economy ii) expectations of affluence and welfare in domestic society which were, in turn, most immediate to their electoral security and iii) a traditionalist foreign policy that stressed the sovereignty of the British state a) internally, through the insulation of domestic policy from external dealings and b) externally, through resource commitments and diplomatic patterns sufficient to ensure that Britain was not reduced to a passive taker of structures fashioned by others. However, by 1970 tensions were beginning to relate to the basic causal variables and defining criteria involved in continuing with the three sets of activity at all. EC entry was no longer presented as an adjustment in the single plane of inter-state diplomacy, but as a means to arrest deteriorating trade-offs between all the structuring

dimensions of British Government activity. The resuscitary qualities of entry no longer focused on hopes of reviving a traditional foreign policy alone, but now extended to a shoring up of the British state across the range of its functions. However, it will also be shown that this made it increasingly hard to sum up British Foreign Policy within a single paradigmatic focus. Not only was EC entry becoming indicative of a more transformationalist agenda, in which economic competitiveness and domestic social values were as important as diplomacy and security, but it was becoming hard even to present entry as a means to traditionalist ends without <sup>1</sup> positing transformationalist methods, given Britain's circumstances in 1970. These points will now be expanded over the remainder of the chapter.

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1. P 16 for a definition of the traditionalist/trasformationalist distinction.

### 3. British entry to the EC and the challenge of preserving international economic competitiveness.

The pressures of international political economy that British Governments faced in deciding whether they should join the EC can be analysed in terms of Strange's claim that Advanced Industrial Countries (AIC's) have to find those alignments with international structures of production, technology and finance that are most suited to their circumstances and values. Moreover, such structures are inter-related, so failure in one area can compound problems in others.

Several arguments for EC entry centred on the need for modern, volume production to enjoy tariff-free markets that transcend national jurisdictions. To compete, in other than niche markets, companies must attain the optimum size for production units in their industry ; otherwise they do not enjoy the full economies of scale and cannot defray the costs of innovation. Britain in the early 1970's was still heavily committed to products that required high volume or large start-up costs. Table 1 shows that, in 1971, Britain was the only Advanced Industrial Country with the exception of the US to have a small balance of payments surplus in technology. Gamble points out that, in 1970, 53 out of 200 of the world's largest non American companies were British, while only 25 were German and 23

1. Susan Strange, States and Markets: An Introduction to International Political Economy, Pinter, London, P 27.

<sup>1</sup>  
French. Heath's Industry Secretary, John Davies, argued:

" Britain had to break out of its industrial confinement..it had been seeking to sustain its historic scientific and industrial attributes on too narrow a base". 2.

The 1971 White Paper on British entry to the EC pointed to the importance of:

" selling into a market perhaps five times as large as present. For advanced industrial countries, the most favourable environment is one where markets are large..this favours specialisation, the economies of scale, the development and marketing of new products, the most efficient use of resources and the checking of monopoly positions". 3.

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TABLE 1: Balance of Payments in Technology.  
Leading AIC's

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Ratio of receipts to payments	
US	11.31
UK	1.07
France	0.59
FRG	0.37
Japan	0.12

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Source: Wilfred Beckerman, Slow Growth in Britain, Cause and Consequences, OUP, London, 1979, P 186.

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Analysing Britain's 1967 application, the European Commission had pointed out that many industrial projects had been initiated in Britain over the past 15 years only to be abandoned as orders could not match development costs in Britain's restricted national market. The CBI feared that

1. Andrew Gamble, Britain in Decline, Macmillan, London, 1981, P 109.

2. The Financial Times, 24 September 1971.

3. Cmnd 4715 of 1971.

4. "Opinion of the Commission on the Application for Membership received from the United Kingdom, Ireland, Denmark and Norway", Bulletin September/October 1971, Paragraph 48.

unless Britain entered the EC it would be out-competed by giant European companies as well as giant US ones by the 1980's. It also rejected the argument that Britain could prosper through specialised consumer products in much the same way as Switzerland or Sweden. Britain had sunk its capital and trained its labour in volume manufacture. Any solution which did not take this into account would be like re-building a ship at sea.<sup>1</sup>

Of course, there were few industries in which Britain's economy could not support a single optimal producer. However, the economist, Tibot Scitovsky, had shown how countries have to consider economic integration as soon as their home markets can support only a handful of producers<sup>2</sup> in key industries, otherwise they become trapped between the need to be early into international markets with new ideas in order to sustain competitiveness and a domestic economy<sup>3</sup> that is uncondusive to innovation. Their societies face monopolistic industrial structures with dangers of economic inertia and social costs. Just 3 firms<sup>4</sup> controlled 50% - 90% of Britain's 20 largest industries. Thus Davies urged EC entry to overcome the dilemma of

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1. The Guardian, 24 March 1971.

2. Tibot Scitovsky, Economic Theory and West Europe Integration, Unwin, London, 1958, PP 110-36.

3. Paul Stoneman, The Economic Analysis of Technological Change, Oxford University Press, 1983 P 264.

4. Keith Middlemas, Politics in Industrial Society: The British Experience, Andre Deutsch, London, 1970, P 433.

" needing size, yet fearing it"

By 1970, it was also clear that skilled adjustment to patterns of international technological development had become critical to both economy and state. Davies argued that the link between educational research and industrial performance was extremely strong and that any failure would be cumulative.<sup>1</sup> Heath opined that Europeans would remain "second class industrial powers" unless they developed technologies on a continental scale.<sup>2</sup>

These comments reflected important pressures that made the international distribution of opportunities to develop and trade technology an increasingly significant component of inter-state power and prosperity by the early 1970's. Access to technology divides economies into those which can command high value added for their outputs in highly competitive global markets and those condemned to downstream production. Technological leaders and laggards may coalesce into two self-perpetuating groups with the former deploying their superior profits, investment and knowledge to continue their lead into each new product cycle.<sup>3</sup> States are principal purchasers of technology and they are increasingly dependent upon it for efficient governance; but they are also closely

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1. John Davies, "Industry in an Enlarged Community", speech, 16th September 1971, RIIA Press Lib.

2. Edward Heath, Old World: New Horizons, (The Godkin Lectures of 1967), OUP, London, 1970, P 12.

3. Strange, op cit, 1988, P 31.

involved in the conditions of its supply. As technologies are peculiarly interdependent, governments must ensure that their countries have access to all new ideas, but few can develop all of these indigenously, so the real challenge becomes one of ensuring access to the international diffusion of techniques on acceptable terms. Wilson thus suggested that the EC should add a technological community to its institutions, while Heath saw European co-operation in research and development as the only alternative to political dependence and industrial "flaccidity".<sup>1</sup>

The importance of EC entry to British hopes of preserving their position in the international technology game can be appreciated from the rejection of the suggested alternative of a North Atlantic Free Trade Area (NAFTA). So long as the main target of US corporations was the dynamic EC market, they would respond to free trade with Britain and a protected Europe with the worst possible combination of exporting goods to Britain and capital to the EC. But if Britain was inside the EC, British Governments hoped that it would be the ideal production base for US exporters seeking to jump the EC tariff. When it came to nurturing their own technology, Britain's producers felt increasing need of transnational partnerships to afford research and development. As Heath argued:

" No single European country has sufficient resources to compete with the US in advanced technology and inability to

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1. Heath, op cit, 1970, P 45.

compete commercially means that finance for research and development cannot be afforded. For every \$ 1000 spent by the US on research, Britain spends \$ 100, France \$ 75 and Germany \$ 50. 1.

Partnerships with US producers seemed likely to be too unequal to work. In 1963, the research and development of the five largest US companies had equalled that of Britain and the Six put together. Where British producers felt they could assume a leading position in European technology ventures, they feared that US partners would syphon off their accumulated knowledge and their best scientists.

Turning to international financial pressures, the combination of large-scale production with internationally mobile capital, meant that governments had to be increasingly sensitive to the ability of economic activity located in their territory to attract a good credit-rating for investment .The Financial Times' wry comment that British industry might join the EC even if Britain did not, shows how countries even had to compete for the surplus funds of their own companies. So long as Britain was excluded from the EC it was feared that its national market would be too restrictive to generate profits to attract investors, domestic or international; indeed, investing in EC countries would always have the advantage over that in Britain of ensuring access to the common market.

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1. Heath, Old World: New Horizons, OUP, London, 1970, P 43.

2. The Financial Times, 1 February 1970.

As Joseph Frankel remarks, this was a serious problem for British Governments, which were increasingly having to look to international capital to re-equip British industry.<sup>1</sup>

A further problem concerned Britain's continued competitiveness as a provider of finance. Robert Gilpin has argued that "financial markets tend to be highly centralised and hierarchical in character because of economies of scale and pooled information".<sup>2</sup> The result is intense competition to be one of the few centres that can attain sufficient volume to function viably. City views on British entry to the EC noted that Europe was a highly sophisticated industrial area with a financial sector that could not remain under-developed much longer. For example the London equity market was capitalised at \$ 91b, Paris at \$ 6.3 b and Frankfurt at \$ 2.7b. However, European financial services were growing faster than British competitors because they started at a lower level. Between 1964 and 1969, the total credits and debits within the EC area grew by 78% and 91% compared with 35% and 22% in Britain.

The British Committee on Invisible Exports concluded that if Britain were included in the EC, European companies would grasp opportunities of financing themselves in London, where they could find sophisticated markets in banking, insurance,

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1. Frankel, op cit, P 59.

2. Robert Gilpin, The Political Economy of International Relations, Princeton, NJ, 1987, P 310.

stock-broking, shipping etc in one place. If on the other hand, Britain was excluded, London would face the problem of how to generate sufficient volume to compete with New York, together with a long-range threat of being dwarfed by a European financial centre. The Governor of the Bank of England warned that the City would be highly vulnerable outside the EC if the world moved towards economic blocs, while Geoffrey Rippon, Britain's Chief Negotiator with the EC during 1970-1, pointed out that 37% of Britain's export earnings now came from invisibles. It was also hoped that the development of an efficient single European capital market would offer European producers comparable advantages to their US competitors. Gross savings in the enlarged EC would be \$ 229.1.b compared with \$ 259. 6b in the US. One study showed that European banks were already planning mergers and joint ventures to raise the capital sums needed to break into international corporate lending.

The critical point is that the arguments that had evolved by 1970-2 for EC entry in response to international production, technology and finance structures implied economic integration and not just conventional inter-state trading relationships with the Six. First, they suggested that

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1. The Financial Times, 29 September 1971.
2. The Financial Times, 30 May 1972.
3. P. Woolley, "Integration of Capital Markets" in G. Denton, (ed), Economic and Monetary Union, Croom Helm, London, 1974, P32.
4. The Times, 8 December 1971.

Britain's economy needed to be permanently enmeshed with that of the EC as a precondition for continuing with certain productive, technological and financial activities at all. Given the long lead times, the expense and commitment involved in establishing production plants for a continental market, importing direct investment to the UK to jump EC tariffs and including British companies in joint technological ventures, both British and foreign actors needed to know that British economic activity would be enmeshed with that of the EC on a continuing and politically predictable basis.

International trade need only involve exchange of a few goods at the margin. Markets may remain separate with movements in any one country having little effect on supply, demand and prices in others. This no longer applies with economic integration, where producers and consumers are progressively enmeshed in a single matrix of input/output interdependencies. Economic integration - and not merely increases in trade between Britain and the EC- was implied by the argument that producers would have to attain a similar level of specialisation and of economies of scale <sup>1</sup> in a single internal market to Japan and the US if they were to remain internationally competitive.

Heath told the Commons that the EC would have to move on from a customs to an economic union immediately after entry.

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1. Watt and Mayall, op cit, P 458.

He had previously urged the creation of European Companies with "internationalised production lines".<sup>1</sup> Rippon argued that unless Europe went on to create all the conditions needed to make transactions between states as easy as those within them, US corporations would use advantages developed in their own continental-scale markets to reap more benefits from an enlarged EC than Europeans.<sup>2</sup> James Prior, Heath's Parliamentary Secretary before becoming Agriculture Minister in 1970, recalls how Heath came to see the EC as essential to Britain's very survival as an advanced industrial country.<sup>3</sup>

However, if the prescription was economic integration, there was surely a tension between prospering as an AIC and continuing as a state with a fully traditionalist approach to foreign policy: the latter suggests that states do not involve themselves with others beyond the point at which they can readily revert to the exclusive cultivation of their national power and to freedom of manoeuvre between alternative bilateral and multilateral groupings. Moreover, it will be shown that there were limits to which even Britain's elite would accept economic integration without questioning the continued political separation of management of domestic society from dealings with other governments.

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1. Hansard, 17th February 1972, Col 744. Heath, op cit, 1970, P 40.

2. Rippon, speech, 15 September 1971, RIIA Press Lib.

3. Interview with James Prior, "The Seventies"

#### 4. Entry to the EC as foreign policy in pursuit of domestic objectives.

It was feared that without a move like EC entry to expand growth and the resources available to British Governments choices might soon have to be made between commitments that were thought to be central to the internal as well as the external nature of the postwar British state.<sup>1</sup> Postwar governments had combined ambitious foreign policy commitments with promises to create an affluent society and welfare state at home, all in the context of expectations that the economy could be precisely and stably managed.

By 1970, steps had already been taken to cut Britain's external commitments only to discover that there was still a competition for resources even between the principal domestic objectives of the British state. Although the 1964-70 Government diverted 2% of GNP to internal use by cutting defence, the proportion of national income taken by Government rose from 35% to 40%. The result was that the

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1. F.S. Northedge, "Britain as a Second Rate Power", International Affairs, Vol 46, No 1, 1970.

rate of growth of living standards almost halved between  
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1960-5 and 1965-70.

The Government had expected the economy to grow faster than it did and for the welfare state to be financed out of a fairly constant share of GNP.<sup>2</sup> But the conflict for resources having arisen, it threatened further problems. First, it undercut the scientific precision with which governments had allowed it to be assumed that they could manage the economy; the central tool of economic management since 1958, the Phillips Curve, had assumed that certain combinations of unemployment and inflation could be attained with a mean error of only 0.1%.!<sup>3</sup> However, where the Government had combined 1% inflation and 1.5% unemployment in 1960, 6.4% inflation went with 2.6% unemployment in 1970. Deteriorating trade-offs were seen as the result of a sociological inflation in which producer groups responded to the knowledge that there were only limited resources for standard of living improvements in any one year by "leap-frogging" each other in price and wage increases. Second, the Treasury worried that once consumption and government expenditure slipped out of "steady-state" growth (as constant shares of GNP) the affluent society and the welfare

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1. Prest and Coppock, op cit, P 268.

2. Wilfred Beckerman, The Labour Government 1964-70: The Economic Record, Duckworth, London, 1972, P 50.

3. Prest and Coppock, ibid, P 40.

state were in danger of gobbling their own seedcorn, as they slipped into a contradictory relationship with the productive base by pre-empting resources from exports and investment. This echoed Andrew Shonfield's critique that at the very moment that the international competitive challenge to Britain's economy, blunted by wars and recession between 1914 and 1950, was at last coming into its own, resources were being committed to everything except modernisation and competitiveness.<sup>1</sup>

However, commitments to consumption growth, welfare and precise economic management could not be lightly abandoned. They were embedded at three levels: in the expectations of the electorate, in the tripartite collaboration with industry and the unions to which all postwar governments ultimately turned and in what David Marquand has termed the "assumptions and expectations" of the policy-makers themselves as to what constituted a rational and civilised management of society. Table 2 shows the extent to which the British state had become committed to welfare provision by 1970.

1. A. Shonfield, British Economic Policy since the War, Penguin, London, 1958.

2. Middlemas, op cit, PP 429 & 460.

3. David Marquand, The Unprincipled Society: New Demands and Old Politics, Fontana, London, 1988, P 18.

TABLE 2: CHANGES IN PROGRAMMES OF PUBLIC EXPENDITURE AS PERCENTAGE OF TOTAL GOVERNMENT OUTLAYS.

	1953	1973	Change
Social Welfare	32%	44	+12
Defence, law and order	45	27	-18
Economic Programmes	21	27	+ 6

Source: Dennis Kavanagh, Thatcherism and British Politics: The End of Consensus, OUP, London, 1987, P44

The political security of Governments deteriorated as they found it harder to meet domestic expectations. Table 3 illustrates the point with respect to successive parliaments. Governments faced electoral losses if they failed to deliver standard of living improvements. When

TABLE 3. MEASURES OF THE POLITICAL INSECURITY OF BRITISH GOVERNMENTS

General Election swing +/- to Govt.	By-elections average fall in Govt support	Polls ave annual variation in party ratings
1951-5 + 1.8	1.9	4.2
1959-64 - 2.9	13.5	5.5
1966-70 - 4.7	16.8	9.0

Source S.E. Finer, The Changing British Party System, American Enterprise Institute, 1980, P 66

David Butler and Donald Stokes correlated the lead of parties in the opinion polls with their lead on perceived ability to handle the economy, they found a covariation of +  
1  
0.56, compared with + 0.04 on all other issues.

1. David Butler and Donald Stokes, Political Change in Britain: Forces Shaping Electoral Choice, Penguin, London, 1971, P 497.

Contrary to political myth, the incoming Heath Government was as eager in 1970 to sustain the accumulated domestic commitments of the state as its predecessors. As Douglas Hurd, then Heath's Private Secretary, explains, the primary aim was to find the resources to sustain the welfare state.<sup>1</sup> In opposition, Heath had refused to intervene in arguments between the interventionists and free-marketeers in his own policy-making groups, on the grounds that i) government had both to create the conditions for the private sector to produce goods to the best of its efficiency and find resources for welfare and infrastructure projects of its own <sup>2</sup> ii) a more rational, up-to-date approach to government would create extra resources, obviating the need for "ideological measures".<sup>3</sup> EC entry was central to Heath's thinking on both counts. As Robert Carr, Employment Secretary 1970-2, put it:

"No-one will understand the Heath Government unless they realise the extent to which it approached government with a clear strategy. We believed that we had to make a very definite attempt to break out of the vicious circle: the first key point was to join the EEC".<sup>4</sup>

James Prior has confirmed this impression: "Heath was determined to lead Britain out of inertia and the EEC was to

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1. Douglas Hurd, An End to Promises: A Sketch of A Government 1970-4, Collins, London, 1979, P 40.

2. Robert Rhodes-James, Ambitions and Realities, British Politics 1964-70, Weidenfeld and Nicholson, London, 1972, 136.

3. David Butler and Michael Pinto-Duschinsky, The British General Election of 1970, Macmillan, London, 1971, P 70.

4. Interview with Robert Carr, "The Seventies".

<sup>1</sup>  
be the springboard"

The Heath Government saw EC entry as a foreign policy that would support domestic plans for a "quiet revolution" of economic reconstruction and national efficiency in three ways. First, Keynesians had assumed that if governments set the expansion of demand, the supply of goods would take care of itself.<sup>2</sup> However, since the formation of the NEDC in 1962, it had been recognised that it was inability to combine resources efficiently to supply competitive goods that held Britain back. Through the impact of transnational economic liberalisation on the efficient allocation of resources and of EC industrial and technology policies, it was hoped that entry would be a foreign policy and supply side cure for the British economy rolled into one. So eager was the new Government to expose the economy to new international pressures that it considered a unilateral tariff cut even before the conclusion of negotiations with the EC.

Second, it was hoped that the supply side improvements would strengthen Britain's trading position and thus shift the balance of payments constraint on domestic growth. Davies told a seminar of Conservative M.P's that the Six had improved their export performance with third countries by

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1. James Prior, A Balance of Power, Hamish Hamilton, London, 1986, P 85.

2. Robert Skidelsky, "The Meaning of the Keynesian Revolution" in R. Skidelsky (ed), The End of the Keynesian Era, Macmillan, London, P 35.

more than that between themselves, implying that any group  
<sup>1</sup> gained relative to outsiders by integrating their economies. The Bow Group pointed out that the six had increased their trade with third countries by 122% since 1957 compared with Britain's 78%<sup>2</sup>. As early as 1967, Heath suggested that the next Government might return to the Maudling strategy of making one determined effort to break out of stop-go so as to enjoy the mature phases of an economic boom. It was felt that EC entry would facilitate such a strategy. Competitive pressures would restrain inflationary pressures. An influx of foreign capital was expected on entry that would both finance new investment and make it easier to ride out a balance of payments deficit.<sup>3</sup> Short-term funds would be more likely to stay in London if under-written by confidence that Britain had arranged a brighter future for its economy.

Finally, there was a streak of dislike of traditional British society in Heath's policy and of belief in a European model that was economically and culturally more advanced.<sup>4</sup> He believed that joining the EC would modernise attitudes; the Six had cracked the secrets of running an advanced industrial society that had eluded Britain; entry would make it easier for Britain to learn by imitation. Thus in 1972, Heath rejected the creation of a Ministry of Europe

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1. The Times, 20 May 1971

2. The Times, 8 February 1970

3. Heath, op cit, 1970. P 40.

4. Interview with Madron Seligman, "The Seventies".

and issued a directive to all Government Departments urging them to study how best to encourage the adoption of European methods in their sphere of activity.<sup>1</sup>

The Guardian argued that Heath aimed to "traumatise postwar patterns" and that the EC was his chosen instrument; it will uncongeal the attitudes, habits and expectations of the British". Heath felt that slow growth and insularity were making British society "narky". The Bow Group argued that a Little England Approach was creating social and psychological problems . Amongst Heathites, EC entry began to assume overtones of a mission recivilisatrice. Gamble's study of the contemporary Conservative Party suggests that Heath and his supporters were more frustrated than most by Britain's relative decline; by character they were technocratic and fascinated by modernity; they were also still out of place in their own party and in Britain's broader elite strata.<sup>5</sup> However, to recapitulate briefly, there was a perception that "foreign economic policies" were the only way out for a national economic policy that was increasingly locked into a contracting box of domestic decline.

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1. The Financial Times, 24 January 1972.
2. The Guardian, 2 June 1971.
3. Kitzinger, op cit, 1973, P 148.
4. The Times, 8 February 1970.
5. Andrew Gamble, The Conservative Nation, Routledge and Kegan Paul, P 190.

##### 5. Shoring up the Domestic Base of External Power.

The more complex perceptions of the relationship between economics, domestic goals and foreign policy that had developed by 1970 may still, however, be represented as reflecting a primary concern with the external power of the British state. Indeed, the expected benefits of EC entry were presented as including the i) shoring up of domestic consensus for substantial expenditures on security and an active foreign policy ii) easing of resource constraints that had made it necessary for Britain to make choices between meeting its alliance commitments and funding a military capability that could be deployed as part of an independent foreign policy iii) strengthening of the Atlantic Alliance and Britain's influence in its counsels. The 1971 White Paper on EC entry began by referring to the <sup>1</sup> interdependence of economic competitiveness and security.

Gamble has argued that the preferences of the British elite for an ambitious foreign policy free of domestic controversy had always required that latent conflicts for resources be disguised by meeting domestic social demands <sup>2</sup> in full. By the end of the 1960's, Britain's foreign policy was threatened by a new politicisation. In 1968, Labour backbenchers had insisted that there should be no further cuts in welfare expenditure without defence savings that

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1. Cmnd 4715 of 1971, Para 1.

2. Gamble, op cit, 1981, xxi.

were to lead to the commitment to withdraw from from East  
1  
of Suez. A fear developed amongst Britain's elite that  
overseas commitments would assume an unstable basis in  
2  
domestic politics if Britain was cut off from the prosperity  
of neighbouring countries. Some of the more colourful  
figures in British politics advocated what came to be known  
as the " Little England" approach: international threats to  
Britain had been greatly exaggerated: Britain was not suited  
to political and economic integration with others, so, like  
Japan, it should seek its competitive advantage by cutting  
the costs of foreign policy to the bone, perhaps free-riding  
to a degree on the security efforts of others who were  
richer and closer to danger. Yet the idea of Britain not  
playing extensive international roles remained abhorrent to  
most elite opinion; The Times summed up fears of an  
internationally isolated and economically frustrated Britain:

" Britain would attempt to resolve its problems by a bad  
neighbour policy...it would reduce its participation in  
European defence collaboration and international aid..it  
would become a ruthless scavenger for world business..it  
would have to choose between intense national discipline and  
impoverishment" 3

The Heath Government came to power determined to restore  
Britain's security roles in the Gulf and South East Asia.  
Hurd's claim that Heath was in earnest is supported by

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1. Barbara Castle, Diaries: 1964-70, Weidenfeld and Nicholson,  
London, 1984, P 359.
2. S. Henig, "Britain and Europe: The Middle Way", Journal  
of Common Market Studies, Vol VI, December 1967, P 212.
3. The Times, 4 May 1971.

the theme of Heath's Godkin lectures that European powers had to share in a global policing role if international order was to be maintained. However, substantial resources would still have to be found for European defence, as Britain's influence on Alliance policy was thought to be proportionate to its military contributions. Although withdrawal from East of Suez had thus been presented as a means to greater British influence over NATO Europe, Britain, in fact, had only a few more troops in the latter area in 1970 than in 1964 and it was importunate of the Federal Republic for offset payments even to sustain the foreign exchange costs of these.<sup>1</sup> Whereas in 1952 Britain produced more arms than all the other European allies combined, 1970 was the first year in which both France and Germany had larger absolute defence budgets than the UK.<sup>2</sup>

As the Heath Government decided to keep to the limit of 5% of GNP that Labour had imposed on defence spending, it looked to EC entry to bring economic growth and an industrial policy that would ease problems of procurement, in order to satisfy ambitious defence goals. Home argued:

" Britain and Europe are forfeiting priceless advantages in the accumulation of wealth, which is the basis of all security, and in political influence by allowing EFTA and the EC to continue separate". 3.

While the linkage between EC entry and security reflected

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1. Carrington, op cit, P 229.

2. C. Coker, A Nation in Retreat, Brassey's, London, 1986, P 2 and Frankel, op cit, P 291.

3. 1970 Election Campaign Guide, Cons Central Office, P 618

the continued importance of traditionalist priorities, it also showed how such priorities were becoming dependent on transformationalist methods. The Government occasionally conceded that the hoped-for doubling of economic growth to produce greater defence at a constant GNP share depended on further economic integration and not merely joining the EC.<sup>1</sup> Defence Minister Lord Lambton told the Commons that collaboration in West European procurement would become a precondition for possessing many capabilities at all. Countries could not carry out an " effective individual programme in every case" .<sup>2</sup> Although the EC was not involved in security issues, Anglo/German talks on a NATO Defence Improvement Programme had highlighted ways in which EC industrial policies could operate in parallel with defence collaboration. The encouragement of transnational mergers and joint projects could lead to greater compatibility and lower unit costs in defence products; a way would be found around nationalistic purchasing and France would be included in a new web of Europe-wide procurement, further eroding the de facto significance of its separation from NATO.<sup>3</sup> Arguments for entry were beginning to suggest that certain productive, technological and security bases of UK state power would have to be meshed with those of other states, or inadequately cultivated.

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1. See above PP 58-60.

2. Hansard, 1 March 1971, Cols 1348-9.

3. C. Bluth, " British/German Defence Relations: 1950-80" in Karl Kaiser and John Roper, eds, British-German defence co-operation, Jane's/RIIA, London, 1988.

## 6. British views on EC entry and the changing logic of Multilateral Co-operation.

Although economic integration in an enlarged EC might limit the ability of British Governments to revert to a strictly independent cultivation of national resources, or to seek prosperity in alternative groupings, there was a view that it could otherwise proceed with minimal implications for conventional inter-state behaviour in West Europe and with still less need for new transnational political forms. An economic transfusion of resources would prolong the life of independent European states. "Negative" integration - the removal of restrictions to private transactions would be enough. The automatically optimising mechanisms of the market would provide a better adjustment of economies to the pressures of international production, technology and finance than any new EC policy or institution; economic integration could and should occur without compromising the separate and sovereign management of domestic societies by nation states. Economic integration need have no implications for political superstructures. However, what is striking about British elite arguments for EC entry in the early 1970's is how far they did imply an ambitious multilateralism in transnational economic policy-making: a multilateralism that was certainly suggestive of departures from traditional inter-state behaviour and possibly suggestive of new political forms. The following arguments will be examined:

1. With Entry occurring against the background of the erosion of the Bretton Woods system of international economics, many arguments focused on the need for an enlarged EC that would make more of its economic policies in common in order to aid the stabilisation of the international economy. The Keynesian tradition of British thinking had centred on the notion that economic groupings are not automatically stabilising as it may be irrational for individual units to take the decisions that are needed by the system as a whole.<sup>1</sup> There was, therefore, a need for some political provision of international public goods across the interdependent AIC area: stabilising mechanisms that benefit everyone and not just their providers.

Since 1944, these public goods had been provided unilaterally by the US. The US prevented competitive deflations, devaluations or trade wars in the international economy. It pressured others to follow simple rules of trade and currency management. Its trade deficit created dollars that provided other Governments with liquidity and allowed them to ride out temporary difficulties;<sup>2</sup> its economic management pump-primed the international economy when growth lagged. However such a system could not survive, as it depended on the indefinite creation of US liabilities.

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1. J.M. Keynes, The General Theory of Employment, Interest and Money, Macmillan, London, 1936, PP 245-57.

2. Gilpin, op cit, P 135.

Indeed, since the suspension of dollar convertibility in 1968, it had been clear that the US could no longer fix its policies with other than its own priorities in mind and that the Administration was under pressure for the US itself to abandon the rules of the old system. Heath argued that international transactions would either stop growing or become increasingly unstable if the other economies did not agree to the creation and control of international liquidity by some other means than continuous US payments deficits.

By contrast to French thinking which stressed the predatory potential of international economic leadership, British Governments emphasised its role as a public good. In conjunction with a scarcely diminished assumption that Britain should show a lead and help to take responsibility for international structures, stability was seen to require that AIC's should organise themselves to share the burdens of international economic management with the US. The success of EC bloc diplomacy in GATT talks in the late 1960's and the first stirrings of Franco/German interest in an economic and monetary union in 1968-9, suggested triangular management by the US, EC and Japan. In his Godkin lectures, Heath chose the theme that " those who expected to benefit from the essential framework of stability" provided by the US " should make a contribution to its continuance".<sup>1</sup> Rippon argued that a more international form of economic leadership would require preliminary co-

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1. Heath, op cit, 1970, P 14.

ordination of European positions to simplify the overall  
1  
negotiation. Heath's Chancellor of the Exchequer, Anthony  
Barber, told the Commons how the US supported British entry  
2  
as a route to shared responsibility. Many feared either  
that bloc management of the international economy might work  
without Britain's inclusion or that it might fail because  
the EC could no longer function properly without  
enlargement. Heath argued that European collaboration was  
unlikely to assume new responsibilities without Britain as  
many were still disturbed when France and Germany became too  
3  
close. Jenkins argued that Britain could neither tolerate..

" an embittered and divided six impeding the further  
development of West Europe, nor a six intensifying its  
development, commanding notice in every field with Britain's  
voice finding it increasingly hard to get through" 4.

In his final words moments before the key votes in the  
Commons on both 27 October 1971 and 17 February 1972, Heath  
significantly chose to stress international economic power:

" What is important is being in the best position to  
influence economic decisions which are determining our  
future....over these next few years in which new patterns  
will be formed...they will affect the livelihood of everyone  
in this country and they will be taken by those with the  
greatest economic power"...."these questions would be  
settled by the US, the EC and Japan" 5.

2. Robert Gilpin shows how international production

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1. Rippon, speech, 20 October 1971, RIIA Press Lib.

2. Hansard, 27 October 1971, Col 1739.

3. Heath, op cit, 1970, P 15.

4. Jenkins, The Times, 5 May 1971.

5. Hansard, 28 October 1971, Col 2205, and 17 February  
1972, Col 751.

is not located by perfectly competitive markets alone, but by a hybrid system in which transnational oligopolies and state policies help to fix comparative advantages. Countries are in competition to fashion the best institutions and policies to foster production. Several arguments for EC entry drew the implications that i) European countries would not be able to create the continental market needed to take on US and Japanese competition, unless the many policy-making areas that had provided a rich source of non-tariff barriers were brought under the common authority that only a body like the EC could provide: ii) European Governments needed to limit the competition between themselves to create incentives to producers, if they were to use resources as efficiently as possible to create a single European productive base and to avoid being played off by international corporations: iii) in providing advantages to its own producers, the existence of a single political authority in the US was as important as pan-continental markets. Europe would have to imitate features of the former.

The conspicuous example was technology. States can set up their producers with initial advantages by commissioning research and production so that start-up costs are defrayed and economies of scale established before industry has to compete in the market. With limited national budgets in comparison with the US, European Governments were under pressure to integrate their technology policies to back

technological leaders on a pan European basis and to strip out duplication in research and development. Heath pointed out that 62% of the income of Britain's aircraft industry was provided by public procurement and research grants. " Yet if Britain, France and Germany got together, they could ultimately produce the full range of civilian aircraft"<sup>1</sup>

In other policy areas, Davies made the point that, despite the elimination of tariffs, Europe remained an area of <sup>2</sup> separate national markets. Shonfield, one of the co-authors of the Duncan review of 1969 of British foreign-policy methods, cited non-tariff barriers as evidence for the redundancy of the assumption that governments could limit their diplomacy to regulating transactions between states; this had only displaced protectionism - and the fragmentation of the EC market- to policy areas that were considered off limits to international discussion because <sup>3</sup> they initially only regulated transactions within states.

3. States and international oligopolies can also change the verdict of the market by externalising costs that they should bear themselves and internalising benefits that would otherwise accrue to others. With the expectation that the international economy would either become a free for all of

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1. Heath, op cit, 1970, P 44.

2. Davies, 16th September 1971, RIIA Press Lib.

3. A. Shonfield, "The Duncan Report and its Critics", International Affairs, Vol 46, No 2, April 1970, P 254.

weakening norms or be managed without Britain, the problems anticipated for the UK outside the EC can be summarised by James Rosenau's distinction between: i) promotative actors, who are able to change structures in their environment ii) preservative actors, who can do little to influence international structures, but find the status quo congenial and, in any case, have good lines of communication to promotative actors iii) acquiescent actors for whom the external environment is neither changeable nor comfortable, but who seek to avoid any external friction and thus allow the burden of adjustment to fall on their domestic politics iv) intransigent actors who are in the same position as iii), but prefer a tense resistance to external pressures to <sup>1</sup> the sacrifice of values in domestic society.

The expectations of Britain's elite were conditioned by a history of being able to "make" international structures, if only through diplomatic access to others. Could British Governments satisfactorily manage matters of international political economy outside a collective bargaining pact such as the EC ? Was Britain reasonably placed to make domestic adjustments to international economic decisions over which it had little influence, or to re-externalise the unwanted effects of the economic policies of other countries ? Several studies suggested that Britain and Germany were on a par in their exposure to interdependence. However, Home

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1. James Rosenau, The Study of Political Adaptation, Frances Pinter, London, 1982, PP 56-86.

was more accurate when he told a Conservative seminar on the  
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EC that no country was more vulnerable to the world economy.

First, there was a problem of defining the " British economy". By 1971, 50% of UK companies had at least 6 foreign subsidiaries and the value of foreign production was twice visible exports compared with 40% in the cases of  
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Germany and Japan. This was a dispersion of capital and corporate assets that made it hard to view the national economic interest as confined to UK sovereign jurisdiction. Second sensitivity was not a matter of the level of interdependence but of who would lose or gain from further change. Britain was in many ways the marginal AIC actor in the interdependence game. Its currency was often first to be sold, its goods last to be bought and its underlying performance often compounded rather than cushioned shocks. A study of changes in demand for goods as incomes rose between 1963 and 1974 showed that British consumers were twice as likely to spend extra earnings on imports than foreigners were to buy British as they became more prosperous. However, by 1970 Britain had to ensure that international trading conditions would allow it to make a vast ~~4~~ b surplus on finished goods to pay for food and raw materials; in 1955, the figure had only been 800m at 1970 prices.

The Times argued that the first economies to " suffer from

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1. Home, The Times 6 May 1971.

2. Gamble, op cit, 1981, P 110.

risk to the open international trading system just as the optimal scale of industry is breaking through national boundaries" would be those without guaranteed access to an inner region of politically secure markets. Indeed, if Britain, which still accounted for 8% of international trade,<sup>1</sup> were caught in the cross-fire of a trade war between the economic groupings, it would be the obvious place to dump surplus production. On the other hand if there were to be more negotiations centred on the EC, US and Japan, difficulties of reaching settlements might be overcome by externalising problems to those without bloc protection. British officials had concluded as early as 1960 that, unlike the EC, EFTA's bargaining hand would be weakened by the expectation that it would probably not prevail in a trade dispute.<sup>2</sup>

Third, British Government policies were not only sensitive to international developments, but politically vulnerable in their low ability to take counter-vailing measures or absorb change.<sup>3</sup> They found it hard either to re-externalise costs or to sit out the domestic political consequences of adjustments in the earnings and employment of capital and labour. This combination had meant that Britain had only

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1. The Times, 1 January 1971.

2. Miriam Camps, European Unification in the 1960's, New York, 1967, pp 170-1.

3. R.O. Keohane and J.S. Nye, Power and Interdependence, Little Brown, Boston, Mass, 1977.

been able to end the currency crises of the 1960's through the favours of others. Clive Ponting's research in US archives has shown that this resulted in a foreign penetration of British foreign policy making that extended to a 1965 mini-budget being shown to the US Administration before the British cabinet.<sup>1</sup> Strange has described the powers of inspection entailed in the 1968 Basle agreement to support sterling as amounting to wardship of court.<sup>2</sup>

4. Governments are unlikely to accept a politically "unbrokered relationship" between international markets and values in their societies, least of all where the interventions of others mean that the former are not operating neutrally and optimally. The right to arbitrate the distribution of values is constitutive of the domestic authority of governments, is presupposed by the goals of welfare states and is a key factor in electoral politics.

Consideration of whether the British state, acting alone, could broker outcomes between international markets and domestic values had been postponed by faith in the Bretton Woods system of "embedded liberalism". The US and the IMF would create plentiful international liquidity that would

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1. Clive Ponting, Breach of Promise, Hamish Hamilton, London, 1989, P 77.

2. Strange, op cit, 1971, P 259.

3. J.G. Ruggie, "International Regimes, transactions and change: Embedded Liberalism in the Postwar Economic Order" in S.D. Krasner (ed), International Regimes, Cornell University Press, London, 1983, P 214.

allow other governments to ride out balance of payments deficits without adjusting economic and social policies geared to their own domestic objectives. An open international economy would thus be reconciled with the continued ability of each country to pursue its own version of the "good society" through its own state. Nation states and international markets could function without getting in each other's way and interdependence could develop with minimal need for economic multilateralism.<sup>1</sup>

Unfortunately, as Robert Triffin had argued as early as 1959, the Bretton Woods system eventually only sharpened the tension between interdependence and the domestically sovereign state.<sup>2</sup> International liquidity could not be created fast enough to match the increase in international transactions. On the other hand, it could not be stopped from leaking into the private banking sector where it was used to issue even further internationally footloose credits. Eurodollars mushroomed from \$ 3b in 1960 to \$75b in 1970. Governments were exposed to the risk that money would flow between their countries until each had adjusted its domestic policies to be equally desirable to the markets. At the very least, currencies and interest rates would have to move to satisfy the markets with clear implications for the ability of Governments to choose combinations of growth,

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1. Marquand, op cit, 1988, P 61.

2. Richard Cooper, The Economics of Interdependence, McGraw Hill, New York, 1968, P 4, 117 & 180.

employment and inflation.

British decision-makers had recently received a graphic lesson in how international markets could constrain political choice. Wilson came to power in October 1964 committed to a National Economic Plan at home and to reviving the Commonwealth as the focus of British foreign policy: " Britain's frontier lies along the Himalayas". However, the decision to withdraw forces from East of Suez and concentrate them in Europe was taken just three years later, not as a planned change in foreign policy, but under immediate pressures to assemble a programme of economies that would stem the selling of sterling <sup>1</sup>. Back home, the National Economic plan had been based on the notion that the announcement of inviolable growth targets for several years ahead would be self-fulfilling as industry would be able to invest in the confidence that the demand for its products would be available when they came on stream. The growth targets were set at 3.8% a year for 1964-1970. However, these had lost all credibility with industry by July 1965. In an effort to sustain the National Plan's targets against the pressures of international currency markets, the Government had reached the limits of its IMF drawing rights <sup>2</sup> by May 1965. By July it had exhausted a credit especially negotiated with Bonn and was forced to announce a package to

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1. Crossman, op cit, PP 436-44.

2. J.H.B. Tew, " Policies Aimed at Improving the Balance of Payments in F. Blackaby (ed), British Economic Policy: 1960-74, CUP/NIESR, 1978, P 351.

limit growth to 2.5% in the coming year. The plan's author,  
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Tony Crosland, conceded that it " made no sense any more".

Several arguments for EC entry suggested that Britain should react by accepting some transnational management of economic and welfare questions, rather than resign itself to a "politically unbrokered" relationship between the domestic and international economies. Shonfield argued that the underlying philosophy of the compilers of the Duncan report had been the need to adjust British foreign policy to the making of domestic policy in common with other Governments:

" There is a growing realisation among individual European countries that they no longer have the capacity for the effective management of their domestic affairs separately from one another..Britain has become convinced of the need to act collectively with neighbours on matters which were previously considered as purely domestic concerns" 2.

Barber, who had briefly been Britain's chief negotiator with the EC, argued in his opening statement to the talks " that none of us acting alone can gain the ends which we desire for our own people in terms of physical security or economic  
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and social advance" . Davies told the CBI that Britain would have to look to the EC to regulate the relationship between international markets and domestic values:

" We must look to the EEC to assert more control over investment flows: over centuries we have always been eager to ensure that the flow of investment is guided and watched

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1 .Crossman, op cit, P 133

2. Shonfield, op cit, P 254.

3. Statement to the Conference of the European Communities with applicant states. Cmnd 4401 of 1970.

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and that the currency rudder is kept in our hands"

The rejection of association for full membership was an acknowledgement that Britain's position in the international economy might require common policy-making with EC states: economic integration by private transaction would not be enough. Anthony Royle, Junior Foreign Office Minister 1970-4, argued that Association would not bring "measures of economic collaboration", particularly in technology, nor would Britain be a party to the formulation of bloc <sup>2</sup> negotiating positions in international economics. Indeed Heath argued that negative integration could be "unstable" <sup>3</sup> without a degree of positive collaboration. British Government circles also became increasingly preoccupied with the "law of uneven development", according to which well integrated markets suck capital and prosperity to central areas in the absence of a political mechanism capable of taxing and spending in a way that makes peripheral areas more attractive for development.

If Britain was unable to attain sufficient political influence over the relationship between its own society and the international economy independently, the EC seemed to provide the most appropriate multilateral unit. In part,

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1. Anthony Royle, speech, 12 February 1971, RIIA Press Lib.
2. Interview with Edward Heath, December 1988.
3. Davies, speech, 22 January 1971, RIIA Press Lib.

this reflected Britain's changed position as a structure taker. A major reason for choosing the EC was "because it was there". Unless a power is a hegemon, multilateralism involves, by definition, acceptance of forms that are agreeable to others. Britain found that the ground in multilateral economic co-operation to have been largely staked out after 1957. It could not expect the Six to undo the EC. On the other hand, the rejection of NAFTA showed how the formation of the EC was seen to leave an unequal and solitary partnership with the US as the only multilateral alternative. But the EC was also becoming co-extensive with a higher proportion of the external causation to which outcomes in British society were exposed. The growth of Britain's exposure to interdependence between 1955 and 1970 can be almost entirely attributed to an intermeshing of interests with the EC and EFTA countries which were likely to associate with the EC after British entry. A further 7% of Britain's GNP had become traded, yet non- European <sup>1</sup> transactions grew not at all as a share of GNP.

In conclusion, traditionalist foreign policy ceased to provide the single paradigmatic focus for EC entry between 1963 and 1970. The aim of achieving a better alignment with patterns of international diplomatic influence had to share its claims on Britain's European policy with other structural pressures: the need for transnational answers to problems of reproducing economic competitiveness and

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1. Prest and Coppock, op cit, PP 103 & 110.

domestic social values. Where traditionalist motives for EC entry remained, Britain's policy-makers seemed to find it increasingly hard to state them without suggesting compromises with transformationalist methods, given Britain's circumstances by 1970. Further illustrations of this point will emerge during the next chapter, especially in relation to what will be termed the distinction between a diplomacy of commitment and a diplomacy of manoeuvre and to hopes for an effective diplomatic concertation through the new process of European Political Co-operation and the pressures on co-operating states to integrate policies and processes, even where they do not integrate institutions. However, this chapter has shown how the perceived need for the British state to receive an economic transfusion issued in pressures for an international integration of its productive base, an ambitious multilateralism in economic policy and some erosion of traditional distinctions between domestic and foreign policy-making. In several respects, EC entry was for Britain a half-recognition that larger nations may develop advantages of scale that require lesser players to accept the paradox of transnational solutions in cultivating key aspects of their state power. The 1971 White Paper on EC entry stated that: "No single member can afford more than a limited part of the full range of modern technological and industrial advance..individually no European country can ensure its voice is heeded".<sup>1</sup>

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1. Cmnd 4715 of 1971, Paras 24 & 27.

## CHAPTER 2. BRITISH ELITE VIEWS ON EC ENTRY: TRADITIONALIST, TRANSFORMATIONALIST OR SCHIZOPHRENIC ?

Thus far we have seen how two sets of objectives were established: one in terms of a traditionalist perspective of foreign policy-making, another that implied that the strength, security, separateness etc of the state could only be one consideration of many and that these precepts might themselves have to be diluted by economic integration and political multilateralism. The tendency of actors to see the environment through several conceptual prisms at once is familiar to critical and cognitive theories:

" modernity is a multifaceted regime of highly mobile knowledgeable practices - interpretative attitudes and practical dispositions that are widely dispersed" 1.

Indeed, critical theory suggests that there is " no totalising narrative": several paradigms will be needed to make sense of the environment and to manage a fractured operational context successfully.<sup>2</sup> But what can be hoped for is that decision-makers should be prepared to move in the direction of value integration: to learn where choices have to be made and to specify how, when and to what degree priority will be given to each of their perspectives.

However, two cognitive patterns mentioned in the introduction suggest that actors find it hard to achieve

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1. Ashley, op cit, 1989, P 260

2. See PP 7-10 for general insights of critical theory into the fracturing of the operational environments of social entities and PP 49-50 onwards for a discussion of the problem in the particular case of British Foreign Policy.

such inter-paradigmatic clarity. The principle of economy predicts that actors do not strive to clarify the differences between their old and new ways of thinking, but to deny that there has been any change. Cognitive consistency suggests that actors tend to see changes as panaceas: as satisfying all their values and perspectives simultaneously, rather than requiring clear specifications of where choices may need to be made.

A case will now be made that British elite attitudes to EC entry were characterised by just such a confusion in relation to the traditionalist and transformationalist approaches to foreign policy making. In discrete instances of concrete policy-making there was some acceptance of transformationalist precepts: However, it was thought that such departures could be "pragmatic": that they could be limited exceptions to a general philosophy of foreign policy that would remain unchanged. If by 1970 there was a good deal of conceptual integration at the level of conflicts for resources in British foreign policy, this was not matched by reflection on the need to choose between different political practices and forms implied by traditionalist and transformationalist approaches. Any new multilateralism was conceived as taking its place alongside the British state and not challenging its traditional international roles, its sovereignty, separateness in decision-making etc. Attention was thus absorbed in presenting all that might be required of EC membership as a continuation of conventional inter-

state practices to the exclusion of discussing what should be given priority in the event of conflict between these and the goals Britain sought by joining in the first place.

EC entry was quite reasonably seen as a sensible response to the deteriorating trade-offs between the different structuring dimensions of British Foreign Policy. But there was an unwillingness to admit that the effective use of EC membership might itself require a hard-headed ability to accept trade-offs; indeed, it will be seen that the more fractured the operational environment, the more integrated the cognitive environment of a government's foreign policy needs to be, so that actors are able to grasp what few opportunities remain to trade their different values and perspectives on reasonable terms.<sup>1</sup> It will now be shown how, by contrast to this, British actors bent their intellectual energies to denying that there would be any need to choose between traditional values and the transformationalist methods of which their rationales for EC entry were increasingly suggestive. This argument will be developed in relation to two questions inherent to EC entry: what should the relationship be between i) member states and Community institutions ? ii) national and Community diplomacy ?

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1. See below P 130.

## 1. British elite views on the internal development of the EC

It is first necessary to examine British elite attitudes in the early 1970's to the future relationship between the British state and the EC. Some definitions will be useful. Wallace distinguishes between formal sovereignty, which is the legal right to make authoritative decisions, and effective sovereignty, which is the ability to make those policies without excessive penetration of the decision-making process by outsiders<sup>1</sup>, or what Paul Taylor calls the integrity of decision-making. Autonomy means range of choice and ability to attain results from actions. The separateness of states requires integrity of decision-making but it also implies autonomy: that governments are something more than flotsam on a sea of causation extending beyond their jurisdiction. Separateness has also been used to denote the gate-keeping role of the state: its ability to determine, if need be, the terms of interaction between external environment and domestic society. Political integration, occurs where states mesh their policy-making processes. It obviously covers formal transfers of authority to a supranational body. However, there were two other forms under active discussion in the early 1970's that sought to reconcile collective effectiveness with the continued

1. William Wallace, "What Price Independence, Sovereignty and Independence in British Politics", International Affairs, Vol 62, No 3, Summer 1986, PP 386-7.

2. Paul Taylor, The Limits of European Integration, Croom Helm, London, 1983, P 27.

decentralisation of formal authority between member states. Intergovernmentalism, which in its strictest form, involves no common policy-making, but Governments that are so interlocked in continuous communication that their different policies adjust one to another; this may be aided by rules of communication and mutual adjustment. Through the adoption of a "Community Method", governments do make policies in common, but with the initiatory, analytic and mediating role of an impartial secretariat, in addition to rules of co-operation between themselves.

British elite rationales for entry placed a heavy burden of expectation on EC processes. The Government admitted that its goals depended on the construction of new policies. Britain's underlying growth potential was expected to improve from 2.5% to 4.0%-5.0%;<sup>1</sup> however, more considered assessments acknowledged that, as Britain had missed out on the initial formation of the customs union, a new stimulus to growth would probably require a second generation of EC policy development.<sup>2</sup> Moreover, it was acknowledged that this might have to involve the supplementation of a traditional concentration on negative integration with the positive development of common policies.<sup>3</sup> The list of desirable common policies mentioned

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1. The Times, 27 May 1971.

2. Rippon, speech, 10 September 1971, RIIA Press Lib.

3. See above PP 73-87.

by ministers during 1971 covered technology, regions, industrial restructuring, the environment, energy, public procurement, harmonisation of corporate taxation and legal arrangements that would allow European-wide companies to develop etc.<sup>1</sup>

Externally, the EC was expected to become an effective international actor: to be effective in bloc negotiations and even to assume a role in the continuous management of the international economy.<sup>2</sup> Over a longer time scale, some hoped that it would assume the leverage, status and rights of participation in diplomatic and security questions that would make it a partner, if not an equal, of the superpowers. On his return from the Paris summit of May 1971, Heath told the House of Commons of how he had spoken with Pompidou of "the sort of Europe which we want to see..a Europe, which by its unity, will be of a size and nature to be an equal of the US, Japan and the USSR".<sup>3</sup>

Contemporary comments on the shortcomings of individual nation states that were used to justify entry suggested that European collaboration was expected to have the institutional capacity to develop some effective presence in several areas where some governmental role was thought

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1. Davies, speech, 16 September 1971 and Rippon, speech, 1 October 1971. RIIA Press Library.

2. See above PP 74-82.

3. Hansard, 24 May 1971, Cols 32-3.

necessary. The 1971 White Paper on EC entry warned that "individually no European state can assure that its voice is heeded". The Times wrote about the "blunt facts of the incapacity of individual states".<sup>1</sup> Rippon argued that the functions that the European state could no longer perform unaided included the provision of security and political influence, economic and social development and environmental protection. He told the Commons that "the nation states of Europe were too small to benefit from the society they themselves have produced".<sup>2</sup> Uwe Kitzinger, a leading member of the European movement, argued that the most plausible explanation of the "frustration of national objectives" was the "corrosion of the nation state concept"..." it would be necessary to choose in the future between decision-making that is national but ineffective and decision-making that is effective but transcends states".<sup>3</sup>

In an analysis of 22 issue areas where there was typically considered to be a need for some public authority in West European societies, Lindberg and Scheingold calculated that 1) The Community had already developed some role in 12 areas but 2) The extensity of its presence was not matched by intensity, as it could only be said to predominate over

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1. The Times, 1 January 1970.

2. Rippon, speech, 26 February 1971, RIIA Press Lib and Hansard, 26 October 1971, Col 1250.

3. Uwe Kitzinger, "Britain's Crisis of Identity", The Journal of Common Market Studies, Volume VI, No 3, March 1968, P 346.

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states in 4 policy spheres.

However, an interesting feature of British elite thinking at the time of entry was that it did occasionally acknowledge the problem of intensity: that a threshold had been reached at which European collaboration might need to handle policy challenges of a qualitatively different order to anything before the 1970's. If there was a common factor to the 4 areas in which Community action had previously predominated it was that these lent themselves to "framework policies"; in such matters as tariffs, competition policy and agricultural supports it was possible to attain outcomes through relatively static structures; as these needed only periodic adjustments, the timetables of servicing policies to prevent functional breakdown and ponderous international coalition building were just about compatible. However, the new agenda of foreign policy co-operation, economic and monetary concertation, and even common industrial, energy and environmental action, was more in the mould of "process policies". Coherence would not depend just on initial frameworks, but on what Taylor has referred to as the cumulation of decisions from individual precedent to 2 precedent to form clear directions. Rippon pointed out that "economic and monetary co-operation cannot be the product of haphazard identities of interest. Foreign policies cannot

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1. L. Lindberg and S. Scheingold, Europe's Would-be Polity, Prentice-Hall, NJ, 1970, pp 69-74.

2. Taylor, op cit, p 120.

be given greater effectiveness by repeated expedients".

However, the historical record suggested that the EC struggled to handle even existing policies under its current institutional arrangements. Moreover, British elite views on the internal development of the EC were formulated against a background of first-hand learning experiences between 1970 and 1971 that left little excuse for failure to perceive the limitations of existing arrangements. The Six failed to follow through an intention at the Hague to agree common negotiating positions with Britain. Many of the issues in the negotiations were not so much concluded as postponed for later discussion. As the fishing policy was not covered by the deadline to finish negotiations by summer 1971, talks <sup>2</sup> dragged on for a further six months, absorbing much EC time. Deadlines were missed to agree agricultural reforms and a first stage for economic and monetary union by the end of 1970 ; when the latter was finally concluded in March 1971, choices of principle needed to create a viable plan were either postponed or cobbled together under the illusion that a "juxtaposition" <sup>3</sup> of opposites makes a "coherent strategy".

1. Rippon, speech, 1 October 1971, RIIA Press Lib. Also see Shonfield in The Financial Times, 3 November 1971.

2. Below Chapters 3 and 4.

3. D. C. Kruse, Monetary Integration in Western Europe: EMU, EMS and Beyond, Butterworths, London (1980), PP 77-8.

The problem was likely to be compounded after enlargement. Unanimous agreements would have to be brokered between nine (ten with Norway) instead of six members. Unlike the Six, new members had not had the benefit of several years of socialisation into the norms and methods of European co-operation and there were signs that their domestic political cultures were characterised by lower levels of attachment to the values of European integration. The " elegantly simple first bargain" by which France had obtained the Common Agricultural Policy and Germany industrial free trade had also facilitated such agreement on further policy development that had occurred since 1957; at least the principal players had some considerable and unambiguous interests that were exposed to the failure or entropy of Community processes. However, the new Community was being created with a major partner, Britain, that was disadvantaged by existing policies. Indeed, some of the most effective EC decision-making before 1970 had been spurred by the anticipation of British membership; Britain would no *longer* function as an outside "threat" to promote internal cohesion.

The Heath Government showed moments of frankness and sophistication in appraising the institutional challenge posed by its own goals for EC membership . Government

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1. See below P 297.

2. Taylor, op cit, PP 65 & 299.

3. Miriam Camps, European Integration in the 1960's, Praeger, New York, 1967, P 2.

spokesmen hinted at the dynamic potential of the Community. It was made clear to the House of Commons that, although present EC processes were strictly limited, the Government might well have to request the enlargement of Community powers at some later date. Sir Geoffrey Howe, then Solicitor General, told the House of Commons that "The Communities were a dynamic organisation that would evolve and continue to evolve".<sup>1</sup> Rippon added that new Treaties might soon be needed.<sup>2</sup> Heath also had the courage to suggest in the final speech before the second reading of the European Communities Bill, when the Government was most at risk, that these new treaties might have to include some majority voting within the next 10 years.<sup>3</sup> Heath, in fact, expected some return to majority voting in the second half of the seventies.<sup>4</sup>

The Government also attempted to prepare the way for transfers of functions to the Community level by deepening perceptions that there was a trade off between national policy-making and effectiveness: the influence to be gained by "pooling sovereignty" in effective forms of European collaboration was set against the absence of autonomy that Britain would face if it continued to insist on its "<sup>5</sup>political virginity." Indeed, uniquely amongst postwar

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1. Hansard, 17 February 1972, Col 650.

2. Hansard, 15 March 1972, Col 833.

3. Hansard, 17 February 1972, Col 746.

4. Interview with Edward Heath, December 1988.

5. Royle, speech, 12 February 1971, RIIA Press Lib.

Governments, Heath's came close to exaggerating how little Britain could do on its own. The 1971 White Paper warned that Britain outside the EC would have to " maintain its interests and develop its resources from a far narrower base".<sup>1</sup> Junior Foreign Office Minister, Anthony Royle, itemised occasions since the war when Britain had not been able to do as it wanted . Although confusing sovereignty and autonomy, it seemed self-evident to Heath's technocratic frame of mind that Britain was not "losing" its sovereignty; on the contrary it could only be "used" inside the EC. Rippon argued that "sovereignty meant the exercise of choice" and that Britain's choice was already doubly constrained by the practicalities of reaching agreements in existing international organisations of which it was a member and the smallness of its economy. By contrast, EC membership allowed states to enlarge their choices through "carefully controlling interdependence.. greater coherence and sharing of functions, and in a way that was respectful of national identities".<sup>2</sup>

But a most interesting development was that official thinking began to appreciate that there were wide differences between transnational co-operation based on a "Community method" and multilateralism limited by traditional precepts of foreign policy. It has been seen how

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1. Cmnd 4715 of 1971, op cit, Paras 27 & 8.

2. Rippon, speeches, 22 April 1971 and 2 July 1971,  
RIIA Press Lib.

the Duncan report had argued that the management of interdependence called for an end to the rigid separation of foreign and domestic agendas and direct enmeshment of all British Government departments with their counterparts across the AIC area. Shonfield interpreted the report as signifying a "Community approach" in which "consensus about common circumstances would evolve and deepen".<sup>1</sup> Former British Ambassador to Washington, Lord Harlech, praised the "solidarity" that a common analytical base and co-ordination of internal policy-making had given the EC in trade talks.<sup>2</sup> In a revealing parliamentary answer, Home highlighted the benefits of belonging to a settled group of continuously communicating states where conventional approaches might have stressed freedom of manoeuvre. Asked whether Britain could not seek foreign policy co-operation in the WEU and avoid the economic costs of EC entry, he replied that this would leave Britain at a disadvantage to the Six who would be "sitting together week in and week out".<sup>3</sup> Rippon argued that "Britain had been slower than most to appreciate the postwar revolution in international relations by which a community system could balance integration with continuing national consent".<sup>4</sup> Chapter 7 will show how the Heath Government sought, against Pompidou's preferences for a

1. Andrew Shonfield, Europe: Journey to an Unknown Destination, Penguin, Harmondsworth, 1972, pp 15-21.

2. The Times, 20 January 1971.

3. Watt and Mayall, op cit, p 710.

4. Rippon, speech, 10 September 1971, RIIA Press Lib.

strict intergovernmentalism, to strengthen the initiatory and mediating roles of the European Commission. In the Godkin lectures Heath argued that Britain had failed to take part in European integration in the 1950's because it was still "thinking in terms appropriate to the nation state" and did not realise that "new forms of co-operation" such as the OECD, "though far in advance of anything that had previously existed", were not enough.<sup>1</sup>

Heath's own views are worthy of special mention. From the Godkin lectures in 1967 to a recent article, his statements on the relationship between the state and the EC have repeatedly invoked two conversations. According to the first with Jean Monnet, the Community had to be guided by the principle that it could not afford to offend the vital interest of any member. Thus when, at the Paris summit in May 1971, Pompidou significantly felt it necessary to ask Heath for reassurance that he supported national vetoes, Heath replied that for the moment they only formalised the inevitable.<sup>2</sup> However, the second conversation with Heinrich Von Brentano, German Foreign Minister in the 1950's, showed that Heath was not prepared to foreclose options on the future development of the Community.

" I do not believe that it is very productive to talk about Federalism and non-Federalism. The European Community was created *sui generis*. There has never been anything like it before in the world..and the final form of its organisation

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1. Heath, op cit, 1970, P 18

2. Interview with Edward Heath, December 1988.

will be *sui generis*..I talked to Von Brentano about this..he told me that we will develop pragmatically and progress to our own form of unity..only then will we send for the lawyers and say " tell us where we have got to" and by the time they tell us, we shall have got somewhere else". 1.

Heath suggested that institutions could take varying forms across issues and time, following specific functional requirements, experimenting, responding to feed-back from previous successes and reflecting changing enthusiasms for national or European identities. There would be no need to specify end-states, or theological principles of arrangement. He summed this all up as a " typically British view" of "institutional pragmatism".

But he was also clear that the EC was already a unique political form. By pointedly referring to " The Community" and "our partners" he signalled that EC relations would no longer be a matter of foreign policy , or conventional inter-state dealing. Having reassured parliament that Britain would not be yielding sovereignty because it would retain a veto, <sup>2</sup> he discouraged its use. In its place, he advanced the norms that a) members should seek to pour more of their dealings through the EC and reduce unilateral national decision-making. This contrasted with a minimalist approach that action should only be taken at the Community level where the nation state was inadequate and seemed to Heath to have two advantages: the pooling of information on

1. Edward Heath, " European Unity over the next Ten Years": from *Community to Union*", International Affairs, Vol 64, No 2, Spring 1988, PP 199-209

2. The Guardian, 2 December 1973.

the best way to handle public policies and an enlarged scope  
for the Community to progress through multi-issue deals <sup>1</sup> b)  
membership of the EC should be a kind of master relationship  
for partners. When they operated in other multilateral  
groupings they should either co-ordinate their positions or  
advance national lines that took the views of EC partners  
<sup>2</sup> into account c) having agreed that there should be a common  
policy of a certain kind, members should make their best  
endeavours to carry on negotiating until they found a  
solution acceptable to all, d) matters already agreed should  
not be re-opened e) members should welcome the good offices  
of the Commission and f) being a member of a Community meant  
flexible acceptance of unwelcome arrangements to secure  
<sup>3</sup> overall progress.

However, the tension between ambitious goals for EC entry  
and the retention of an ideology of state sovereignty was  
not accompanied by any further clarification. Many of the  
goals of membership were immediate, even urgent. For  
example, bloc diplomacy to deal with a "disintegrating"  
monetary system, which in turn implied some coordination of  
economic policies within the EC, a second phase of  
industrial integration to ensure that Britain enjoyed a  
growth stimulus similar to that after 1957, regional

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1. Interview with Edward Heath, December 1988.

2. See below page PP 115-7.

3. See The Times 27 May 1971, Hansard 17 February 1972,  
Col 744, The Guardian 2 December 1973.

policies to head off British balance of payments difficulties and to give its membership a firm basis in a new central bargain etc. Yet Heath's statements that Britain might have to adjust to majority voting within ten years and accept a very different approach to multilateral decision-making in the interim were seen as faintly idiosyncratic; indeed, the former was thought unworthy of parliamentary or press comment. By contrast to Heath, other ministers tended to slip between promising great potential for EC processes and stressing their limitations, to the point of disparagement, when the focus shifted to state sovereignty. At one moment, Rippon spoke of "having laid the foundations for a truly integrated Europe" .." of enormous adaptations" being needed to make up for the "functions that the European nation state can no longer perform unaided" , but then he spoke of " things moving extremely slowly in Community Europe" and of the Treaty of Rome as "4 pages of principles and 400 pages of exceptions"<sup>1</sup>

The notion of a "Community system" was widely welcomed as a clever reconciliation of state sovereignty with a workable EC system. But this was only true in the sense of formal sovereignty; it thus remained unclear whether all British actors were as reconciled as Heath seemed to be to the implications of a Community method for effective sovereignty: the probability that British preferences would

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1. Rippon, speeches, 26 February ,22 April and 9 September 1971, RIIA Press Library.

have to be diluted, that governmental processes would have to be intermeshed and that co-operation would cease to be fully discretionary and become rule-based. Significantly, this point was taken up by delegates to a parliamentary conference in London in February 1971.<sup>1</sup> The next paragraph will show how a Community method logically implies some threshold at which it starts to predominate even over states with vetoes, such that it can hold the grouping to a consistent course despite short-term fluctuations in the interests, perceptions and political coloration of component governments. However, the British debate concentrated on the benefits of a Community approach without making that threshold explicit.

Robert Keohane points out that co-operators do not face pre-defined pay-offs from collaboration, but can increase returns by the ways in which they approach co-operation. By working at a continuous relationship between a stable set of participants and pouring as many multilateral dealings as possible through the one grouping, governments can proliferate norms of co-operation and habits of communication; they can socialise preferences, expectations and cause/ effect analyses of how policies work. This increases the number of situations in which co-operation is mutually profitable and the chances that they will be speedily identified. Most importantly such an approach may be necessary if states need to be able to change gear from

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1. The Guardian, 13 February 1971.

spasmodic acts of co-operation to collaborate to produce policies that need long-term, coherent development. Only through investment in the thickening up of norms and communications with partners - "regimes"- can states overcome the problem of needing collective action, yet finding it hard to arrange without a strong central enforcement agency. Only if states are able to pass some threshold at which they can trust everyone else to abide by the regime, will they hang on inside a co-operative package against their short-term interests because they expect to benefit on average and seek to preserve their future ability to deal to their own advantage under the co-operative code. It is only in such circumstances that most opportunities for inter-state collaboration become realistic, as it is almost impossible to arrange matters to produce identical benefits<sup>1</sup> or a precise synchrony of costs. However, Donald Puchala sums up the gulf between such a politics of commitment and those of ad hoc, a la carte co-operation and expedient manoeuvre between a range of multilateral groupings: negotiations that are rule-based, not fully discretionary and which involve a "full-information game" are not " those of the nation state"; such Community approaches are the "furthest thing from anarchic self-help that are not<sup>2</sup> Federations". If a Community method was the minimum needed

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1. Robert Keohane, After Hegemony, Princeton Ubniversity Press, Princeton, NJ, 1984, PP 29, 113-5.

2. Donald Puchala, " Of Blind Men, Elephants and European Integration, Journal of Common Market Studies, Vol X, No 3, March 1972, PP 279-84.

to meet the functional requirements of policy-making implied by the goals of British entry, Britain had not avoided the need for integration: the absence of institutional integration would place a heavier burden on the integration of policies, processes and normative orders in the EC area.

A central tension in the idea that issues of sovereignty and autonomy would be avoided in the absence of formal integration was presented by the fact that, in strict constitutional usage, the sovereignty of the British state resides in its parliament and not its executive. Intergovernmental and community systems are particularly hard to square with the autonomy of parliaments. It is hard to follow intergovernmental dealings through their subterranean processes, let alone unravel them when they involve an indivisible package of interstate compromises. The problem was foreshadowed by the experience of British entry. Howe told the Commons that from then on i) Parliament would delegate its powers within the scope of the existing treaties to the executive to make laws in concert with other governments ii) Parliament would have to content itself with devising its own procedures to comment on matters before they reached the Council of Ministers iii) some new Treaties might be added by Executive privilege i.e. Parliament would only have rights of consultation iv) those which came before Parliament would have to be accepted or defeated in their entirety: "When a Government negotiates

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1. Hansard, 25 October 1971, Cols 1396-7.

with other states, the whole of the Treaty must be seen as a package.. it is not open ..to pick and choose provisions"<sup>1</sup> Heath recognised that the only way out was a strengthened European Parliament, but the question then came full circle to how this could be effective without challenging the sovereignty of national parliaments.

Above all, there was virtually no discussion of what should happen if the community method was inadequate. What would then be traded off: the goals of EC membership or the formal sovereignty of the British state ? British decision-makers can be seen as thinking in dyads. When the focus was on the contrast between the collective autonomy of EC states and loss of control to third governments, transnational market forces etc, there was some willingness to experiment with new forms European co-operation. However, when the focus shifted to the contrast between the sovereignty of state and EC processes, the earlier distinction seemed to slip from consideration. Such a tendency to fragment the environment into dyads and not to achieve a comprehensive integration of preferences across all values is exactly what the cognitive paradigm predicts.

However, there were two further slippages. The idea of institutional pragmatism - that it would be possible to experiment with new policies and collaborative forms without creating entangling processes and circumscribing the range

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1. Hansard, 6 March 1972, Col 1155.

of choice over larger principles of political arrangement - contrasted with recognition of the dynamic potentials of European co-operation. Failure to clarify this point risked a stand-off between the dynamic pressures of integration and political unpreparedness for its implications: an "<sup>1</sup>interdependence trap", in which supposed partners become frustrated, fractious, and thus even less able to operate a decentralised co-operation, as they find themselves caught between a clearly defined need to collaborate and an <sup>2</sup>inability to break with traditional inter-state behaviour.

Secondly, it was common at the time of entry to stress the veto power that membership would bring. If British Governments were unable to avoid compromises to their preferences by leading in EC policy formation, they would at least gain a blocking power over unwanted developments in their immediate external environment that they would not have had outside the EC. 30% of Conservative speakers in the <sup>3</sup>House of Commons debates on entry made this point. Kitzinger identified what he called a "carpet-baggers" approach to Europe: that Britain should join to gain the benefits of a larger market but otherwise seek to keep the development of <sup>4</sup>the EC under control.

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1. Wallace, op cit, 1986, P 373.

2. Various articles on this theme in Ghita Ionescu, ed, Between Sovereignty and Integration, Croom Helm, London, 1974.

3. Below, P 239.

4. The Times, 26 January 1971.

However, reassurances that veto powers were a cast-iron guarantee of sovereignty were a simplification of the patterns of international interaction that were impelling Britain towards entry in the first place: the very pressure Britain was under to adapt to the EC as constituted was testimony that the pace and form of integration may not be within the blocking power of any single member state. Where parties face potential coalition surpluses, i.e. gains from collaboration greater than the sum of their individual contributions, those who are able to make quick deals can pre-empt a greater share of the coalition surplus to themselves, forcing the others either to remain outside the agreement or to join later with proportionately less influence over institutional forms and the distribution of <sup>1</sup> costs and benefits. British Governments had reasons to seek the agreement of others to new or changed EC policies; they would have to play a game of coalition and log-rolling that would necessarily limit complete discretion in the use of veto powers; a blocking game might not be enough. As unilateral decision-making was becoming a matter of "strategic action" - only reaching its full significance when mixed with the reactions of others- governments were condemned to worry about the quality of their relationships: to temper their sovereign right to pursue their short-term interests in each case with the knowledge that they could need the understanding of partners in the future.

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1. Harold Raiffa, The Art and Science of Negotiation, Harvard, Mass, 1982.

In fact, even the position on formal sovereignty was more ambiguous than admitted. Under British constitutional law, Parliament remained formally sovereign to the extent that it could always claw back any powers that it had granted to the Council of Ministers or make laws in contradiction to EC provisions. However the European Communities Act adopted all EC law into British law, including a European Court ruling in Van Grand en Loos, summed up as follows by one reviewer: "that the Community had created a new legal order in favour of which members had limited their own sovereignty".<sup>1</sup> A further case was later to confirm that this extended to national constitutional doctrine. Was the European Communities Act subject to repeal or had it itself repealed the British convention that no parliament could bind its successor? The problem of priority of laws was thus viciously circular and logically insoluble. The EC treaties were also unusual in being expressed to be in perpetuity and not having renewal clauses. The assertion of a sovereign right to withdraw would thus involve a further conflict with international treaty law.<sup>2</sup> When does it become so difficult to exercise formal sovereignty that it becomes what Bagehot might have called a dignified rather than an effective notion?

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1. J.D.B Mitchell, "British Institutions Inside Europe", Round Table: The Commonwealth Journal of International Relations, January 1973, No 249. Also see "The Judge's Dilemma", The Times, 18 April 1972.

2. Hansard, 28 October 1971, Col 2132.

## 2. British elite views of the EC as an international actor.

The second key question concerned how the EC should evolve in relation to the wider world and how far the member states should mediate their external relations through its multilateral frameworks. Membership of the EC had always entailed a commitment to the common external negotiation of matters covered by the Treaties. British arguments for EC entry and the EMU initiative suggested a greatly expanded agenda for bloc economic diplomacy. After the Hague conference in 1969, it had also been agreed to initiate an informal, biannual process of foreign policy discussions. Indeed, British elite arguments for EC entry suggested a particular enthusiasm for the potential of foreign policy concertation. Home argued that Britain would have to keep up with a trend in Europe, Asia and Africa to pursue foreign policy in multilateral groupings. Outside the EC, "Britain was a shrinking power in a world of growing powers"...but, inside the EC, "we would expand our influence if the Prime Ministers (sic) of an enlarged Europe were to sit round a table once a month to discuss foreign policy".

However, there were fundamental choices implicit in a multilateral approach to the extra EC environment. What proportion of its relationships would Britain be prepared to mediate through discussions with partners? Would it be

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1. Home, speech to seminar of Conservative parliamentarians on British entry to the EC, The Times, 6 May 1971 and interview on Panorama, BBC, 8 June 1971.

willing for these to change anything significant in British policy? Would Britain insist on any particular configuration of relationships between the EC and the rest of the world or would it allow processes of European co-operation to be genuinely open-ended? Would European multilateralism be some loose, ill-defined, background reinforcement to an undiminished national diplomacy? Or were proponents of British entry prepared for it to become an international actor in its own right? <sup>1</sup> Would processes and socialisation at the European level be permitted to blend the initial preferences of the sub-units into new positions: to break out of the ad hocery of the periodic, chance agreements of inter-state politics to trace coherent and sustained policy initiatives to influence the world? Would harmonisation eventually extend to the structuring assumptions and <sup>2</sup> interpretative schemes basic to foreign policy? In short, a paradigmatic choice was implicit in the notion of bloc diplomacy: would the status and power of the individual nation state continue to be the unit of value, or was the goal to be the quiet integration of foreign policy, while preserving only the forms of separate state action? <sup>3</sup> Had elite thinking clarified this choice? Again, this chapter can only begin to answer these questions at the levels of policy statements and moves in anticipation of membership.

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1. Taylor, op cit, P 120.

2. W. Wessels, "EPC: a new approach to European Foreign Policy" in D. Allen, R. Rummell & W. Wessels (eds), European Political Co-operation, Butterworths, London, 1982, P 6.

3. Hill, op cit, 1983, P 21.

The case studies of chapter 7, covering Britain's formal participation in EC processes from 1972 to 1974, will be needed to push the analysis further.

Heath developed a keen interest in the preconditions for making the EC into an international actor as an exercise in creative statecraft. He promoted three criteria. First, he was eager that European policy processes should develop their own integrity, free from excessive outside penetration before there had been an opportunity to coordinate an EC view. In successive conversations with Nixon, he told him from December 1970 onwards that Britain would cease to negotiate matters bilaterally with the US, or make concessions to an American viewpoint in advance of European consultation, that all EC members would be expected to develop a common front on issues and share all information received. He aligned with Pompidou to reject a German suggestion that the US should enjoy formalised rights of consultation with the EC.<sup>1</sup> Frankel argues that he sought to recondition the very reflexes of British foreign policy thinking, complaining about officials who thought "first and foremost" about how the US would react, and circulating a directive to all Departments telling them to think European.<sup>2</sup> Kissinger recalls that he came close " to insisting on

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1. Kissinger, The White House Years, Weidenfeld and Nicholson/Michael Joseph, London, 1979, PP 937 & 964.

2. Frankel, op cit, P 322.

receiving no preferential treatment".<sup>1</sup> On 19 June 1970, Nixon called Heath to suggest a continuous dialogue, exempting him from the rule that he would never receive unscreened calls ! However, nothing came of this because Heath believed that the long term construction of practices of EC concertation should not be mortgaged to outsiders' offers to give individual member governments privileged access to their own decision-making.<sup>2</sup>

Second, Heath believed that the EC should work to extract its own leverage from the skein of interdependence. He pointed out that the enlarged EC would be the world's largest trade bloc with 40% of world trade, rising to 54% with the inclusion of association agreements. It would have a larger combined aid budget than the US and own one third of the world's monetary reserves.<sup>3</sup> He was eager that Europe should confidently deploy its economic power in spite of its dependence on the US security system; thus the 1971 White Paper carefully differentiated the possibility of West Europe becoming an "economic superpower" from the overall superpower status enjoyed by the US and USSR.<sup>4</sup> However, over the longer -term, Heath believed that:

" if we want to deal with monetary and commercial affairs in

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1. Kissinger, op cit, 1979, PP 932-4.

2. Interview with Edward Heath, December 1988.

3. Interview with Heath, The Guardian, 2 November 1973.

4. Cmnd 4715 of 1971, para 27.

the way we think is right for Europe, then we must work for a new balance with the US in defence.. right across the European field.. in all aspects of European defence". 1

Even if European defence collaboration was not based on the EC, it was important to the EC's leverage with the US that it should be developed in parallel. In 1967 Heath had advocated that British and French nuclear deterrents should be multilateralised and held "in trust" for the EC as a whole. He was to suggest this to Pompidou in 1971 and to continue pressing it up to 1973. Kissinger noted that he spoke more passionately than Pompidou about European defence. 2

Third, Heath sought to erode divisions between categories of European cooperation, so that European leverage was not doubly fragmented by the plurality of its states and the discussion of issues in different fora. He thus opposed Pompidou's insistence that the EC and EPC should be kept rigidly separate on the grounds that the economic means of the EC were needed to give leverage to European diplomacy. He also hoped that EC partners should always form some network of discussions between themselves wherever they participated in other multilateral fora.

However, beyond this there were clear limits to the degree to which British official thinking seemed to be prepared for

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1. Interview with Heath, Panorama, 24 January 1972.
2. Interview with Edward Heath, December 1988.
3. Kissinger, op cit, 1979, P 964.

co-operation to lead to an integrated or genuinely socialised approach to foreign policy. The incoming Heath Government suggested that, as late as 1970, the appeal of an ambitious, national diplomacy was undiminished. Heath spoke of signalling clearly to others that, in the future, foreign policy would be based on the single criterion of "British national interest", that Britain had "no eternal allies and no eternal enemies" and that others could expect a respectful hearing but that Britain would eventually make its own foreign policy decisions. He was initially dismissive of the argument that Britain should enter the EC to avoid national inadequacy, crossing out some offending passages that suggested this from the draft 1971 White Paper. He spoke of the need for a "broadly based assessment <sup>1</sup> of our interests..that did not pitch aspirations too low". Heath's assertions repeatedly matched enthusiasm for Community processes with the importance of entering the EC to secure a stage on which Britain could be seen to act out a leading, national role in foreign affairs.

Indeed, much emphasis was placed on the leadership roles that Britain could exercise from inside the EC. Willi Brandt recalls that George Brown, Foreign Secretary at the time of the 1967 application, was eager to know when Britain would <sup>2</sup> be let into the EC so that it could give a lead. Crossman,

1. Edward Heath, "Realism in Foreign Policy", Foreign Affairs, Volume 48, No 1, October 1969, Watt and Mayall, op cit, PP359-69 & 640-5 and interview material with Mr Heath.

2. Willi Brandt, People and Politics: 1960-75, Collins, London, 1978, P 161.

who objected to "going into Europe to remain great", recalls a suggestion in the official paper presented to the 1966 cabinet weekend on EC entry that it was required less for practical reasons than for those of counting in the "councils of the world".<sup>1</sup> Benn's diary records his Permanent Secretary's assumption that "Whitehall would dominate the Common Market as it was so full of experienced people".<sup>2</sup>

On the foreign policy side in particular, there was a tendency to slip between conceptualising entry as accession to a genuinely open-ended process of concertation and the co-option of other EC members as supports for the pre-defined roles and policy doctrines of the British state: an enlarged EC was presented as allowing Britain or some combination of Britain, France and Germany to re-establish a position as interlocutor between European states, their third world associates and the US. This would, in turn, assure reasonable access to the "top table" of strategic diplomacy between the superpowers.

A great deal of effort was expended in presenting entry as a means to revive the three circles concept of Britain's diplomacy by restoring its leadership in European politics.

George Brown wrote:

"With Britain leading, we should be in a position to argue bluntly with the Americans..Britain's future rests on her

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1. Crossman, op cit, PP 159-61.

2. Tony Benn, Office without Power, Hutchinson, London, 1988, P 194.

emergence as a leader of a new European bloc..which would have the same power and influence as the Commonwealth in days gone by". 1.

An Editorial in Round Table provides an interesting contemporary account of how Britain's global, Commonwealth relations were thought likely to be rekindled by EC membership. First, the Commonwealth was a malleable grouping, " capable of adapting itself to any alteration of orientation of members..it is not a construction of forms and laws". Second, Britain would find it easier to secure agreements from the Commonwealth once EC entry signalled its clear determination to break with its imperial past. Third, Britain's inclusion in the EC would reinforce the appeal of the Commonwealth as a grouping that spanned the spectrum of types of state. The Government made much of the specific benefits for Commonwealth cohesion that would derive from Britain's position as a channel to the trade and aid available under EC schemes.<sup>2</sup>

Douglas Hurd recalls that Heath was in earnest in seeking to restore Britain's security responsibilities in the Gulf and South East Asia ; in contrast to the notion that he " cared a great deal for Europe and nothing for the rest of the world"<sup>1</sup> he spent much of his time before 1970 considering how Britain could play a distinctive role in African and Asian

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1. George Brown, In My Way, Penguin, Harmondsworth, 1971, P 205-9.

2. Editorial, Round Table, January 1973, No 249, PP 3-11.

affairs. In short, he continued to believe in a global, as opposed to a regionally focused, foreign policy. The Godkin lectures and several speeches also contained an underlying assumption that any European co-operation would just play a supporting role for the only serious EC international powers, Britain and France, which would, in turn, approximate more to the paradigm of major powers than middling European state: global responsibilities, nuclear capabilities, security council membership etc.<sup>1</sup>

Sharp's survey of British Government attitudes to the EC between 1961-71 uncovers the assumption that Britain would somehow put itself back at the head of a third bloc in world politics. The Six might be contributing the economic substance, but Britain would provide the key dowry of diplomatic contacts, expertise in the art of government etc.<sup>3</sup> Heath thus wrote of Britain bringing a more extensive network of international contacts than other members.<sup>4</sup>

It will be claimed here that these views concealed two failures to clarify what was entailed in foreign policy concertation. First, Haas suggests that it is ultimately necessary to be clear whether the goal of associating with

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1. Douglas Hurd, op cit, P 40.

2. Heath, op cit, 1970.

3. P. Sharp, "The Place of the European Community in the Foreign Policy of British Governments 1961-75", Millennium, Vol 16, No 2, Summer 1987, P 165.

4. Heath, The Financial Times, 1 January 1973.

others is to secure collective functional benefits or individual status and prestige; the latter aim can drastically narrow the use of an association to secure functional goals. These entail that co-operation should evolve flexibly, taking whatever form is functionally optimal to the task. However, the need to preserve the prestige of particular entities perpetually constrains the choice of political methods: to the extent that the association moves at the pace of the slowest, the unwillingness of any one national elite to sublimate its roles and status may be a serious impediment. Moreover, functional benefits are what Wolfers calls "milieu goals"- they potentially benefit all players and can be divided between them- but status is a "possessional goal": only at the expense of others, could British Governments secure the psychic pay-off of being seen to lead in the definition of EC foreign policy and the luxury of collective action that was not seen to compromise its own roles, relationships, preferences etc. In short, there was a risk of turning the EC from a co-operative to a competitive relationship.

Puchala stresses that there is a fundamental antinomy between a genuine Community method in international co-operation and:

" a process of mutual exploitation whereby governments seek to mobilise and accumulate the resources of neighbouring states in their own interests and to pursue the traditional

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1. Lindberg and Scheingold, op cit, PP 124 & 247.

2. Wolfers, op cit, P 73.

ends of state policy: international autonomy, heightened influence and diplomatic prestige" 1.

In short, British rationales for entry provide evidence of wanting both the collective functional benefits of association and the restoration of national prestige, but there was little awareness of potential trade-offs between the two: that effective collective action might not be negotiable on a British agenda, or that the price of insisting on British preferences and priorities might be a lower incidence of agreement to secure the much-advertised benefits of collusion, when the influence of the whole process would depend on outsiders' perceptions of the likelihood acting in common.

Heath might have objected that he did not propose anything as unrealistic as British leadership of the EC, but that such a role should be shared with France and Germany. Sir Michael Palliser recalls that he was greatly encouraged by the 1972 Paris summit as the big three had taken the initiative and dominated proceedings. However, chapter 7 will show that a considerable degree of compromise and socialisation would be needed to attain agreements within the inner triangle. It had thus only limited possibilities for delivering on Heath's promise that Britain would have a chance "to lead and not to follow".

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1. Puchala, op cit, P 275.

2. Interview with Sir Michael Palliser, February 1989.

3. Heath, Broadcast, 8 July 1971, RIIA Press Lib.

The second problem was that all thinking was devoted to predicting that the EC and non-EC circles of British diplomacy would be mutually reinforcing to the exclusion of agreeing priorities in the event of a choice having to be made. The Europeanist/Atlanticist debate provides the best example; few matters received such extensive contemporary attention as did efforts to reconcile EC entry to Britain's Atlantic ties. British elites had long shown a high level of attachment to NATO. A poll of "Who's Who" entrants in 1971 showed that 62% thought EC membership would be very valuable, but it also found that 58% cherished NATO as a framework for Britain's international collaboration.<sup>1</sup>

The initial foreign policy of the Heath Government placed a heavy emphasis on East/West relations - interpreted from a traditional balance of power perspective. Home's speeches made much of the extension of Soviet naval power into the Mediterranean and Indian Ocean. Belief in this new threat led to the renewal of the Simonstown agreement with South Africa. In his memoirs, Home spoke of entry to the EC being the main priority of the new Government after provision of physical security at a time when the USSR was "reinforcing the whole Warsaw Pact area with men and weapons" in anticipation of some US troop withdrawals from West Europe.<sup>2</sup> Heath expressed concern that Brandt's Ostpolitik might send

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1. Frankel, op cit, P 45.

2. Lord Home, The Way the Wind Blows, Collins, London, 1976, P 247.

the wrong signals to the USSR and that any US collapse in Vietnam might lead to a revival of Soviet pressures in Western Europe. The Government thus felt it necessary to present EC entry as contributing to Atlantic security and the reversal of any deterioration in the East/West balance.

Home told the 1971 EC debate in the Commons:

" in prudence, Britain must expect that whilst the US will maintain a nuclear umbrella, it will make reductions in conventional forces. Europe will, therefore, have to assume greater responsibility for the NATO framework". 2.

On July 6 1970, Home had told the House that:

" The outstanding problem of the new parliament would be whether Britain was going to be part of the movement towards European unity..The US is likely to reduce its commitment to Europe and Britain would have to make its reaction as part of the European response. 3.

Terminating the quarrel between the three major European powers over the political configuration of West Europe, giving Britain the opportunity to share in the prosperity and technology policies of the EC and agreement on some mechanism of foreign policy co-ordination were all presented as preconditions for West Europe to cohere more closely and strengthen NATO by assuming greater responsibilities for its own defence. It was argued that British and German membership of the EC would guarantee its openness to outside trade and capital, thus reducing the risk that economic tensions would spill over into the security relationship.

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1. Kissinger, op cit, 1979, PP 932-5 & 938.

2. Hansard, 22 July 1971, Col 1715.

3. Watt and Mayall, op cit, PP 379-80

In a contemporary survey of European elites, Alastair Buchan had concluded that there were seven implicit models of how West Europe should develop in its international context. Four are worth mentioning here. Evolutionary Europe suggested that the EC should adopt a reactive approach: the value of outside relationships and of a Europe of nation states meant that it should only integrate as far as necessary to meet outside pressures. According to Atlanticist Europe, political forms in Europe ought to be conditioned by the priorities of the Atlantic alliance; no benefit of integration could be worth transitional costs to that relationship. Partnership Europe envisaged that an Atlantic alliance would only be effective and durable if Europe developed an equality of power and status with the US and the ability to act independently; the problems of transition to a "two pillar alliance" had to be tolerated. By contrast, Independent Europe suggested that a European international actor should re-design the pattern of global politics, transcending the bipolar order with a new multipolarity.<sup>1</sup>

There had always been two inescapable logical distinctions: between integrating Western Europe to strengthen the Atlantic alliance in a bipolar game and uniting it as a step towards a new multipolarity: between liberalising economic transactions as a means to free exchange across the whole

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1. Alastair Buchan (ed), Europe's Futures: Europe's Choices, Chatto and Windus/IISS, London, 1969

AIC area and integrating European arrangements for production and exchange so that they could be managed to some degree apart from the wider hurly-burly of interdependence. By 1970, these distinctions were reflected in two images of how the three circles concept could relate to EC entry. The conventional image of over-lapping circles suggested that Britain should continue to avoid becoming too closely involved in any grouping in order to maximise its own influence and to serve as an intermediary to smooth misunderstandings between its friends. But a new image of concentric circles implied that the efforts to construct a European foreign policy should be given priority in the event of conflict with the outer rings of Atlantic or Commonwealth contacts. Britain should not seek to smooth frictions where they were the corollary of desirable long-term construction of the EC. Moreover, the De Gaulle experience indicated that anything which suggested that Britain was attempting to gain greater influence within the EC system by manoeuvring to secure superior contacts outside the EC might only be offset by a diminished wish to co-operate with the U.K.

Of all Buchan's models, Partnership Europe had the advantage for Britain's foreign policy-makers of implying that all the above conflicts would remain theoretical: even an ambitious European construction could proceed in tandem with a strengthened Atlantic alliance as the US would not object to the costs of the former and a more integrated Europe would

be supportive of the US. Heath's Godkin lectures had been primarily concerned with placing his commitment to EC enlargement in the context of Kennedy's Grand Design for an alliance in which Europe was sufficiently integrated to share international burdens and responsibilities with the US. The only problem was that Heath's application to the EC coincided with the decision of the Nixon Administration to repeal the commitment to Partnership Europe and revert to a preference for an Atlantic area of bilateral relations between states, unimpeded by multilateral groupings to which the US did not have an assured input.<sup>1</sup> A US policy more sceptical of European unity, would re-open the suppressed fissures in British thinking.

By contrast to the above account of Heath's views on forging the EC into an international actor, the wider government machine still seemed to prefer to balance the Atlantic and European poles of British foreign policy: to regard the circles as over-lapping, rather than Euro-centric, to the extent that European construction should be constrained by the avoidance of any damage to the other relationships. While Heath subsequently opposed any formalised EC consultations with the US, Home told the House of Commons that the problems created for the US by British entry should be ironed out by some appropriate machinery.<sup>2</sup> In response to

1. A.G. Andrianopoulos, West Europe in Kissinger's Global Strategy, Macmillan, London, 1988.

. Hansard, 27 October 1971, Col 1714.

US sensitivity on international monetary issues, the Treasury and Bank of England showed an almost unseemly haste in seeking to transfer discussions from EC fora to the IMF. Rippon bluntly told the Council of Ministers that Britain expected this to occur straight after the 1972 Presidential elections in the US.<sup>1</sup> Chapter 7 will argue further that where Heath responded to difficulties with Partnership Europe by inching toward Independent Europe, others fell back on Atlantic or Evolutionary Europe.

Chapter 1 showed how British goals for EC entry were becoming suggestive of a transformationalist foreign policy by implying i) the integration of the economic and technological bases of British power with the EC, ii) an ambitious economic multilateralism, and iii) the erosion of the distinction between domestic and foreign policy. This chapter has added the further points: iv) that new foreign policy demands on the state were creating a need for a multilateralism of permanent commitment to a set group of inner partners, in contrast to the traditionalist stress on a diplomacy of manoeuvre, and v) that any avoidability of institutional integration would not remove the need for EC policies to be integrated enough to constitute coherent and continuous initiatives to influence the environment, to gain leverage with outsiders by creating an expectation that the EC states were likely to act en bloc and to unlock the increasing returns from collaboration. However, it has also

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1. The Financial Times, 24 April 1972

been suggested that British actors tended to pull back to claim that the goals of entry could be achieved within traditionalist assumptions after all. Institutional pragmatism, the Community method and British ability to lead in EC policy-making were all presented as allowing the UK to obtain what it wanted with only limited changes in inter-state behaviour and political forms.

### 3. Conclusion. The Failings of Pragmatism.

R.J. Harrison has set the movement towards European co-operation in the context of the need for "twentieth century societies to shed certain values in order to retain others".<sup>1</sup> It has been suggested here that this was precisely the dilemma that British policy-makers failed to acknowledge, although an ability to make realistic assessments of how values might need to be traded off would be at a premium under a foreign policy change designed to respond to the following: the increasing difficulties of maintaining a balance between all the structuring contexts of policy-making and the growing exposure of these contexts to redefinition by those who were natural structure makers, or able to collude to become structure makers. Chapter 7 will lend support to the following hypothesis : effective use of EC membership would be a function of an ability to grasp i) the technical trade-offs needed to make a common policy work

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1. R.J Harrison, Europe in Question, Allen and Unwin, London, 1974, P 10.

and ii) the political trade-offs needed to put together a coalition of member states to sustain a policy.

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However, the theory of analytic learning might predict that it would be wrong to put too much store by UK attitudes at the time of entry, as membership itself would ensure their amendment and sophistication by punishing error with policy failure: Britain's EC policy would move in the direction of "value integration" as experiments in European collaboration exposed any under-estimates in the trade-offs that would have to be accepted to attain the goals of entry. Cognitive theory suggests that learning may proceed in this way, but only if decision-makers start off with "open" belief systems. Moreover, closed belief systems arise not only from a dogmatism that classifies all incoming information as confirming initial preconceptions, but from a failure or refusal to form hypotheses, categorise and make distinctions with the result that suppressed assumptions continue under their own inertia and without a sufficient comparison with results. Learning is only as good as the initial conceptual framework, as there is nothing else with which to interpret the lessons of feedback.

So how might the initial interpretative framework with which British foreign policy-makers entered the EC be summarised ?

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Steinbruner's cybernetic view of decision-making provides a

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1. See above P 12.

2. See above P 17.

useful way to formalise aspects of the "pragmatic approach" that UK decision-makers claimed as their own. Actors eschew causal models, detailed futurologies and conscious calculations of trade-offs. Instead, they select just a few variables to monitor "thermostatically": every time one of the variables moves out of its acceptable range, corrective action is taken. But correction involves a sequence of trial and error adjustments- each of which represents the least change from the status quo- and no elaborate intellectual constructs of how the environment works.

The cybernetic/pragmatic approach provides a good fit to much of British decision-making in relation to EC entry. The observation that the EC had seemed to work for the Six between 1957 and 1973, while Britain had declined in international influence and relative prosperity, was for many sufficient justification for entry. Little effort was made to "model" the requirements of an effective EC or adjustments that could be needed in British foreign policy behaviour; it was sufficient that the lessons of feedback had shown that joining the EC could somehow increase influence and prosperity. Northedge has pointed out that there was little evidence of reflection on the meaning of EC membership<sup>1</sup>. British decision-makers seemed to approach EC membership in the frame of mind predicted by Jean Monnet:

"There is one thing you British never understand, an idea, and one thing that you are supremely good at grasping, a hard fact. We will have to build Europe without you, but

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1. Northedge, op cit, P 362.

then you will come in and join us".<sup>1</sup>

But how can the claim that British entry was accompanied by conceptual deficiencies and that these would prove relatively closed to subsequent correction *be* laid at the door of the cybernetic/pragmatic approach? There are three elements to any answer:

1. The absence of explicit causal models greatly reduces the ability of actors to identify and learn about trade-offs; without them, there is insufficient analysis of the intermediate steps needed to link goals to achievements. Indeed, British foreign policy-makers came close to believing in the automaticity of the benefits of membership. Thus when economists objected that Britain's circumstances would be different to those of the Six in the 1950's and that it could only expect economic benefits with appropriate policy adjustments, Rippon replied that the linkage of economic growth with EC membership was "perceptible fact"<sup>2</sup> and that alternative views were "academic speculation". A conspicuously uncritical "argument from the facts" was provided by the lumping together of economic and demographic statistics for the enlarged EC to infer that it would be the equivalent of the superpowers. Thus Macmillan had reflected that "The Six plus Britain would be ..equal to the US and USSR".<sup>3</sup> The Times argued that:

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1. Kizinger, op cit, 1973, P 19.

2. Rippon, speech, 26 February 1971, RIIA Press Library.

3. Horne, op cit, P 256.

" The US, USSR, Japan, Europe and China will have overtaken us by the end of the century. Britain is running fifth in a six horse race and falling back. As part of Europe, we will be running jointly second and moving up" 1.

However, this was no more than a fallacy of composition; it substituted metaphor for analysis of what was needed to turn separate states into a single international actor. Only such loose thinking made it possible simultaneously to advocate a powerful EC negotiating bloc and a low level of internal integration: would it really be possible for the EC to be as effective an international bargaining unit as promised without this having implications for the frequency with which internal policies were made in common ?

2. As Frankel points out, pragmatists do not, in fact, avoid implicit models of how the environment works. However, implicit models often serve as poor learning structures. As in the case of the British idea of prescription - that foreign policy should be based on a corpus of precepts built up over a long history of international experience - implicit assumptions of how things should be done will by definition be orientated to a lagged view of international structures. This will make decision-makers poor learners because failure to interrogate implicit models for consistency and continued applicability, let alone probable relevance in emergent international conditions, will affect their ability to respond to feedback to the right degree and

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1. The Times, 4 May 1971.

2. Frankel, op cit, PP 112-7

in the right direction. Indeed, it may blunt their capacity to notice and correctly classify feedback at all.

3. In some ways, entry was accompanied by a series of rich causal insights to do with the problems of international political economy of global markets, sovereignty and autonomy in conditions of interdependence, the attainability of international influence by middling states and so on. However, in typically pragmatic style there was a reluctance to correlate the individual insights, as any systematisation of assumptions looked like model building; thus arguments were made for a strong Community when the focus was on controlling interdependence or securing international influence and for a weak Community when attention shifted to the sovereignty and roles of the member states.

The absence of a critical interrogation of such varying assumptions permitted a "pragmatic" quarrying of transformationalist and traditionalist strategies for the most pleasing insights offered by each for British foreign policy in the EC. As Richard Little has concluded with reference to the traditionalist/transformationalist schizophrenia in modern British foreign policy.

" Like Janus, British policy-makers appear to be looking in opposite directions at the same time.. policies are being implemented that pull in different directions" 1.

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1. Richard Little, " The Study of British Foreign Policy" in Smith, Smith, White, op cit. P 258

However, cognitive theory predicts that the more functions a set of ideas performs other than giving decision-makers a consistent and realistic account of their choices, the less likely it is to be revised in the light of negative feedback. It has been seen that the traditionalist/transformationalist confusion performed several "useful" functions in British elite thinking. It made actors feel better about inclusion in the EC. It allowed them to believe that they were at once taking steps to adapt to their international environment and preserving a stable concept of national identity, a flattering concept of the roles and international status of the British state, a continuity with Britain's foreign policy past etc. In short, the pragmatic failure to cross-correlate all the implicit assumptions and models in British entry was likely to continue under an inertia of its own: having arisen, the traditionalist/transformationalist confusion acquired "cognitive usefulness" that would make actors reluctant to learn about its deficiencies.

It might be objected that it does not matter if the pragmatic/cybernetic decision-maker is a bad learner because he will carry on making incremental adjustments to his policy until he happens to hit upon a solution that yields a satisfactory result for all his values. But a failure to take a more critical view of his implicit assumptions about the political environment may lead a decision-maker to choose: a) value ranges that are simultaneously

unattainable; for example degrees of sovereignty in relation to EC processes, and autonomy with regard to third states and non-governmental actors, that cannot be secured at the same time: and b) relatively insignificant feedback variables to monitor. Cognitive theory would suggest that he would have to run through a long history of policy failure before considering the conclusion that there was something wrong with his core assumptions; in the meantime, there would be long-time lags before each failure is recognised as such, opportunities where timing is of the essence would be missed and the political environment would continue to change. The pragmatist risks being bad at reactive policy-making, let alone meeting the pro-active ambition of using entry to the EC to put Britain back amongst the "makers" of international structures.

However, some decision-making theorists argue that, despite its imperfections, pragmatic and incremental adjustment yields better results in a fast-moving environment than the "chimera" of constructing models and futurologies, either as cognitive simplifications or detailed attempts at rationalistic analysis.<sup>1</sup> But a distinction has to be made between two levels of decision-making: adjustment to the hurly-burly of events and periodic reviews of the framework from which events will be handled. Whatever the claims of

1. C. Lindblom, " Still Muddling: Not yet Through" in Anthony McGrew and M.J. Wilson, eds, Decision-Making: Approaches and Analysis, Open University, Manchester, PP 125-39.

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the pragmatic/cybernetic approach in relation to the former, it is claimed here i) that some framework of assumptions is always implicit in pragmatic adjustment; ii) that it pays decision-makers to subject implicit assumptions to critical appraisal as they will determine the long-term success of their pragmatic/cybernetic model, and iii) that where it may be irrational to spend limited time on continuous re-appraisal of assumptions, this objection does not apply to major foreign policy changes such as British entry to the EC, where long-drawn-out processes allow plenty of time for critical reflection. To the extent that British decision-makers took a pragmatic/cybernetic approach to EC entry, they committed a category error: they failed to appreciate that, in joining the EC, they were not making a decision about how best to respond to events, but one about the framework from which they would respond to future events, and any deficiencies caused by insufficient critical interrogation of structuring assumptions could be a cause of continuing grief.

## PART 2: THE PROCESS OF FOREIGN POLICY CHANGE.

The last two chapters have attempted to use the cognitive theory of choice and the critical theory of structures to advance the claim that British elite views on the prospective relationship with the European Community were inchoate: there was a great deal further to go in confronting and specifying the choices that might have to be made to develop EC membership successfully.

Systemic analyses in the Durkheimian style suggest that political outcomes are directly related to subsisting structural realities. The processes of change are thus an insignificant level of causation. By contrast, the critical/cognitive combination will be employed over the next four chapters to claim that both the fact and character of British entry depended on the negotiations of 1970-1 and the domestic politics of 1970-2.

Chapters 3 and 5 will take a more empirical approach than is common elsewhere in the thesis in order to establish data that will aid analysis in chapters 4 and 6. Chapter 3, which follows immediately, will be concerned with the motives of actors amongst the Six and the Commission for and against British entry, the preparation of negotiating positions and the course of the talks themselves.

## CHAPTER 3: NEGOTIATING FOREIGN POLICY CHANGE.

### 1. Continental Views of British Entry.

De Gaulle had twice vetoed British entry. In 1963, he objected that Britain would obstruct the construction of a "European Europe". The Five would then succumb to the alternative of integration into a single Atlantic hierarchy, which Britain would find uniquely tolerable because of its privileged relationship with the US. The 1967 veto, however, owed more to fear of Britain's weaknesses than its strengths. De Gaulle believed that governments were constrained to champion their national interest in any international organisation or lose authority in domestic politics.<sup>1</sup> Short of a "vast and profound change" in Britain's economic condition, British Governments inside the EC would be constrained to challenge the *acquis communautaire* and no guarantee given during a negotiation could thus be credible.<sup>2</sup>

Although the Soames affair showed De Gaulle moving towards some British participation in Europe, he never explicitly endorsed its membership of the EC. However, the years 1968-9 traumatised the assumptions of Gaullist foreign policy. Hopes of an increasingly sturdy independence had to give way to a review of whether France was making the most of its multilateral supports or optimally arranging its bilateral

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1. Edward Kolodziej, French International Policy under De Gaulle and Pompidou, Ithaca, Cornell UP, 1974, PP 25, 63-111.

2. De La Serre, op cit, 1987.

<sup>1</sup>  
relationships.

Indeed, the growth of French support for British entry found its chrysalis in France's changing relationship with <sup>2</sup> Germany. De Gaulle had found the EC congenial without Britain because of his calculation that France would then be the principal beneficiary of German need to mediate its external policy through contacts with allies. Third states would know that Germany preferred not to depart from French preferences expressed in a special bilateral relationship at the centre of the multilateral European Community. However in 1968-9 Germany launched its Ostpolitik on its own initiative, despite possibly fundamental implications for the future arrangement of the whole of Europe. Meanwhile, in contrast to the exposure of economic weaknesses and social fissures by French domestic upheavals in 1968, Germany demonstrated the extent of its international economic power by arbitrating between France and the US on currency <sup>3</sup> questions.

These developments provoked a series of neuroses about German power. It was variously, and contradictorily, described as preparing to couple with superpower condominium

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1. Kolodziej, op cit, P 399.

2. Alfred Grosser, Affaires Etrangeres: La Politique De La France, 1944-84, Flammarion, Paris, 1984, P242.

3. Haig Simonian, The Privileged Partnership: Franco-German Relations in the European Community, 1969-84, OUP, London, 1985, P 81.

to neutralise central Europe,<sup>1</sup> as developing a potential for a new " Rapallo", in which it would accelerate the reconstruction of its national power by pivoting between east and west,<sup>2</sup> as learning to exploit the political leverage of a competitive domination of the EC economy and as selling out a European Europe to an Ostpolitik that would make it dependent on the US. As Grosser put it, Germany would become the real "<sup>3</sup>Cheval de Troie".

Meanwhile prospects of US troop withdrawals from West Europe were contrasted with the Soviet invasion of Czechoslovakia. The Gaullist assumption that the European blocs were melting now seemed only to be true of the western side. Between 1969 and 1971, Pompidou developed an intimacy with the US which rivalled Britain's. Preparations began to be made for France to receive nuclear assistance and, in the 1971 talks on international monetary reform,<sup>4</sup> other EC states were to be encouraged to leave matters to US/French discussions. Britain's relationship with the US could hardly remain an objection to its membership.

But a strong Franco/British relationship, seemed important

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1. Eric Roussel, Georges Pompidou, J.C Lattes, Paris, 1984, P 407.

2. Haig Simonian, op cit, PP 15 & 118.

3. Grosser, op cit, P 181.

4. Kissinger, op cit, 1979, 958-9

in itself. Kolodziej argues that, as 30 years earlier, France's future seemed to depend on "whether went <sup>1</sup> Britain". To Pompidou it was essential that Britain and France should stand ready to collaborate to exercise their rights as occupying powers to resist any US/USSR/German agreement for central Europe that was against their interests. In complaining that Germany had launched its <sup>2</sup> Ostpolitik "without permission", Pompidou reflected a wish to multilateralise Germany's foreign policy in EC consultations. But as Pompidou admitted to Heath, in May <sup>3</sup> 1970, the five opposed this without British entry. Moreover, Germany threatened to dominate a Community of the six. The relatively greater need for partners to seek adjustments to Federal economic policies could become a source of foreign policy leverage. Thus further multilateralisation without enlargement could paradoxically increase German power, or it could be used by the Federal Republic to press for EC development <sup>of</sup> a more supranational character. In 1970, it responded to France's wish for an Economic and Monetary Union (EMU) with the Schiller plan under which there would not even be experiments in economic co-operation without commitment to an eventual "transformation in relationships" <sup>4</sup> between members of the Community. The French Government thus

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1. Kolodziej, op cit, P 417.

2. Roussel, op cit, P 407.

3. Interview with Edward Heath, December 1988.

4. Loukas Tsoukalis, The Politics and Economics of European Monetary Integration, Allen and Unwin, 1977, P 89.

looked to Britain to help it resist supranationalism without the isolation it had suffered in 1965-6.

Pompidou also developed a preoccupation with the modernisation of the French economy and with its diversification away from dependence on Germany. He allegedly discouraged development in the East of France. <sup>1</sup> He argued that, unlike Germany, France had not yet become a truly advanced industrial society and that it needed to double its production in 10 years to restore a balance in Europe. Britain was essential to his hopes. His Government stressed potential synergies between the British and French economies, especially in high technology. Foreign Minister, Maurice Schumann, urged Britain to agree to a channel <sup>2</sup> tunnel. Ambassador to London, Rene Massigli, argued that Anglo-French trade should grow until the two countries traded as much with each other as either did with Germany. <sup>3</sup>

If European Europe was in suspense by Pompidou's time, many felt that British entry was now needed to keep it in play as a long term possibility. According to Jean De Broglie, Chairman of the Foreign Affairs Committee of the National Assembly, and whose views found favour with Schumann, the real risk to Europe's independence was that a third veto would make Britain a real dependent of the US. British and

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1. Roussel, op cit, PP 343 and 381.

2. The Times, 23 January 1970.

3. The Times, 17 July 1971.

French co-operation would be critical to any European security system as the US scaled down its role. Britain's financial markets and technological expertise were needed to meet the challenge of the US and Japanese economies to Europe's independence and development. Outside the EC, Britain would remain a potent force in the field of European interdependence, yet frustrated and ignorant of the conventions that allowed the Europeans to live as <sup>1</sup>interdependent but independent states.

However, the French were no more blessed than the British with an unambiguous interpretation of how to respond to international pressures or a determinate view of national interest. To former minister, Phillippe Serre, the six was a real community of similar identifications and assumptions - a unique hope for European states to act together yet <sup>2</sup>remain independent. Pompidou feared that Britain might align with Germany, making the cure of an enlarged EC worse than <sup>3</sup>the disease of a German-dominated six. Former Prime Minister Couve De Murville argued that a point would be reached at which the US would challenge the development of the EC as a distinct subsystem. Britain would be constrained by its military, capital and currency entanglements with the <sup>4</sup>US to veto European attempts to press ahead. Massigli told

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1. The Times , 27 May 1970.

2. P. De Serre, Le Monde, 22 January 1971.

3. Willi Brandt, op cit, 1978, P 159.

4. International Herald Tribune, 7 April 1971.

The Times how many in France continued to fear that Britain  
would use divide and rule tactics on behalf of the US.<sup>1</sup>

Domestic French politics also confronted Pompidou with cross pressures. It would be wrong to underestimate the preoccupation of his Administration with repairing France's social fabric after the upheavals of 1968. Indeed, it was not until well into 1970, that the French Government felt confident that "les evenements" were fully over.<sup>2</sup> The CAP had always been seen as necessary to reconcile French social stability with EC membership. Differentials between agricultural and industrial incomes had to be limited to avoid discontent, but French industry would be inhibited in a system of EC free trade if it alone had to bear the cost of farming subsidies.

In order to win the 1969 Presidential election, Pompidou had had to put together a coalition that ran from traditional Gaullists to centrists deeply committed to British entry. On the one hand his Prime Minister, Foreign Minister and four cabinet ministers were members of the pro-entry Action Committee for a United Europe. On the other, eight former Gaullist cabinet ministers were to denounce British entry.<sup>3</sup> As mythology substituted for fresh thinking with many

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1. Letter to The Times, 17 July 1971.

2. Michel Jobert, Memoires D' Espoir, Grasset. Paris, 1974, P 172.

3. The Daily Telegraph, 6 April 1971

Gaullists, Pompidou also considered it essential that he should never be out-flanked as the authoritative interpreter of the tradition. On entering office he wrote to De Gaulle: "None of the great decisions that you have taken, notably on foreign policy and defence, will be reversed".<sup>1</sup>

West German elites had tended to regard Britain's inclusion in the EC as a matter of intrinsic value. The overall construction of West European unity was to many an alternative to national ambition and identity.<sup>2</sup> This was especially important towards the end of the 1960's. The FRG was now a central power in the politics of interdependence. It could scarcely help its domestic economic management being a key influence in the distribution of values in other societies. The pressures on Germany to assume greater responsibility in international economic diplomacy and the need to find some means of dealing with the traumatic division between East and West meant that the task of developing its potential to influence its external environment could no longer be postponed.<sup>3</sup> However, it seemed as important as ever to reassure others by expanding Germany's international roles in the context of the further multilateral development of West Europe. But as German Chancellor, Willi Brandt, implied to Pompidou at the summit

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1. Roussel, op cit, P 312.

2. Hans-Peter Schwarz, The Roles of the Federal Republic in The Community of States, in Kaiser and Morgan, op cit, P 221.

3. M. Stael, The Federal Republic, Europe and The World, Universitetsforlaget, Oslo, 1980, P 43.

of EC Heads of Government at the Hague, in December 1969, the EC without both France and Britain was at risk of being perceived as magnifying and not containing German power.<sup>1</sup>

One interpretation of the Hague deal was that a Monetary Union would multilateralise German economic power, Foreign Policy co-operation would give partners expanded opportunities to criticise German diplomacy, while British entry would head off German domination of both processes. This was not a pattern forced on the German Government, but one that it felt necessary to deal with its own situation and purposes. Brandt was only able to sustain a Bundestag majority for his Ostpolitik so long as it was not seen as an alternative to creative West European policies.<sup>2</sup>

Many in Germany, Italy and Benelux hoped that British entry would encourage the development of European and Atlantic identities in tandem. They all found enforced choices between Paris and Washington trebly awkward due to strategic positioning, international economics and domestic coalition politics. Amongst the four, many hoped that British entry would put an end to the leading role of the Franco-German relationship, which was seen as pre-empting genuine "Community" discussion and the initiation of proposals by a Commission committed to the needs of all members. There was some optimism that British knowledge of institutions would

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1. Bulletin of the EC, February 1970, P 37.

2. Simonian, op cit, PP 91-2.

improve EC decision-making and make it more accountable to  
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an effective European parliament.

Belgian Foreign Minister, Pierre Harmel, expressed a fear common amongst the five that European integration would run into diminishing returns and even spill-back without  
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enlargement. The six were reaching the end of the programme established under the original Treaties. However, all except France were reluctant to agree new policies that would further prejudice British adaptation to the Community. On the other hand, many of the opportunities of further integration could seep away with further delay. Harmel mentioned the key area of technological collaboration where the cumulative nature of leads and lags leant an urgency to European responses. Moreover, speakers in the European Parliament pointed to the dangers of intra EC friction, loss of confidence in Community processes and a retreat to strictly national programmes if the EC did not match  
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interdependence with intensified collaboration soon.

Lindberg and Scheingold have claimed that stalemate over enlargement was also eroding the " common law " of European collaboration, without which there was little chance of it achieving more than conventional inter-state politics. De

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1. Emilio Colombo, speeches, 27/28 June 1971, Italian Chamber of Commerce, RIIA Press Library.

2. Bulletin of the EC, December 1968, PP 11-4.

3. Bulletin of the EC, March 1968, PP 8-13.

Gaulle's vetoes of British entry had been part of a mid-60's crisis between France and the Five , before which there had been a greater willingness to carry on negotiations until solutions were reached and to accept short-term sacrifices, in the expectation that these would eventually be reciprocated. Now " all concessions would have to be paid for in simultaneous political change" , reducing the capacity of the process to conclude agreements.<sup>1</sup>

There was also a danger that to accommodate Britain, without admimitting it to the EC, would mean displacing forms of European co-operation away from a single Community focus. Thus the Benelux countries had responded to De Gaulle's second veto by proposing foreign policy co-operation based on WEU<sup>2</sup> and Germany had suggested an Association agreement with Britain. The Commission argued that the latter would " add another complication to an already complicated institutional mechanism" and would encourage the view that the EC was a commercial arrangement<sup>3</sup> rather than a political Community. Ideally, European collaboration would also be best served by the thickening up of co-operative norms in a single framework and the greater scope this would give to package deals, side-payments and the exploitation of synergies across issue areas.

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1. Lindberg and Scheingold, op cit, P 238

2. Bulletin of the EC, December 1968, P 13.

3. Bulletin of the EC, April 1968, Supplementary Opinion by the Commission on British application, P 7.

The Commission expressed qualified support for British entry in detailed reports in September 1967 and October 1969.<sup>1</sup> It argued that British expertise could aid the institutional development of the EC and help it to develop the mechanisms that were needed to deal with the increasing implication of intra EC dealings with international politics. Economically, the EC would benefit from a wider base of scientific expertise and advanced industrial capacity.

However, the Commission also felt that enlargement had to be accompanied by further integration if it was not to be a threat to the Community. Existing policies had to be non-negotiable, as they represented many years of "hard won compromise" and provided the "de facto solidarity" between the original members. Moreover, the Commission endorsed De Gaulle's view that formal commitments to the "acquis" would be insufficient; Britain had to remove any conditions that might conceivably lead to a challenge to the "acquis". These included fundamental uncompetitiveness and the pound's status as a reserve currency which, in combination, threatened to destabilise the economy of the Six and to make it difficult for Britain to implement its EC obligations. Without these steps, Britain would make "heavy calls on international monetary co-operation"; it would act as a deflationary drag and spread currency instability through the system to the peril of the CAP and customs union. The UK

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1. Full details of the Commission opinions may be obtained from: Bulletin of the EC Sept/Oct 1967 and Nov/Dec 1969.

could be forced " to restrict transactions in goods and capital" in contradiction of EC rules, which ultimately rested on mutual observance as much as enforcement.

On the other hand, the Commission conceded that the EC as constituted would only be a further strain to Britain's tenuous balance of payments. The only solution lay in the further development of the Community to include policies more relevant to Britain's circumstances. British entry thus reinforced the case for common regional, energy and technology policies, and, above all, for " economic and monetary union". The Commission made three political implications explicit: enlargement should be accompanied by some change in emphasis from negative to positive integration: through positive integration, the EC should become more relevant to the industrial mainstream of European political economy: as enlargement and further integration had to occur in tandem, there would have to be some return to majority voting with the Commission fully active as initiator and mediator- " only by returning to the letter of the institutional arrangements laid down in the Treaties, will the Commission be able to accept the risks involved in enlargement".

## 2) Residual Suspicions

Historical analogies initially structured perceptions on all sides of how best to handle entry. Although largely

forgotten in the UK itself by 1970, British reactions to the formation of the EC had strongly coloured continental perceptions. As the Christian Science Monitor was to put it, " the traits of Britain's early hereticism always hang over the negotiations". In the 1950's, Britain had first tried to head off the formation of the EC by proposing a free trade area that would span all OEEC countries. It had then sought US support for a challenge in GATT before forming a European free trade area (EFTA) of its own with six other non-EC countries; the aim of the latter was to exert pressure, that Britain expected German economic interests to support, to break down those features that distinguished the EC from the rest of the AIC area.

This experience grounded a series of perceptions about Britain's European policy, which were by no means confined to France. British Governments were seen as hostile to European collaboration that went beyond free trade and as failing to understand the urge amongst the Six for practices and policies limited to Europe : indeed, that specific initiatives were only weft and warp to the real end of political integration - into common institutions and/or a "Community method" in relations between states. Britain was perceived as seeking to use outside relationships and divisions internal to the Six to achieve the double "dilution" of the EC: first, into wider transatlantic

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1. The Christian Science Monitor, 24 May 1971.

2. Horne, op cit, P 34.

arrangements: second, into a field of autonomous economic exchange without parallel political development.<sup>1</sup>

Of greater salience to British perceptions, were De Gaulle's vetoes of 1963 and 1967. To many in the Foreign Office, a sense of urgency that Britain should enter the EC was balanced by a fear that France aimed to use the manner of enlargement to reduce the international power of the British state. Lord Greenhill, Permanent Secretary from 1969 to 1973, recalls how De Gaulle's prediction that Britain would be "naked" by the time it entered the EC constantly returned to mind.<sup>2</sup> France was seen as seeking to use entry to strip Britain of its extra-EC relationships, as delaying enlargement until Britain's economy had slipped further behind without the benefits of the common market, as defining EC arrangements against British interests in the meantime and as insisting on onerous terms that would impose further burdens; its aim was to handle enlargement in such a way as to dominate the EC sub-system.

The Soames affair of February 1969 illustrated both the continued dominance of these perceptions and their ability

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1. Camps, op cit, 1964.

2. Interview with Lord Greenhill, January 1989.

3. Details of the Soames Affair can be found in the following: A. Campbell, Anglo-French Relations a Decade Ago, International Affairs, Spring and Summer 1982, Vol 58, No 2 & 3; Couve de Murville, Une Politique Etrangere, Plon, Paris, 427-8; Kitzinger, op cit, 1973, PP 45-59; Jean Lacouture, De Gaulle: Le Souverain, Du Seuil, Paris, 1986, PP 552-5.

to trigger a negative dynamic in British dealings with the Six. De Gaulle told Sir Christopher Soames, British Ambassador to Paris, that Britain and France should end their quarrel over the political and economic future of Europe. But existing institutions needed to be re-appraised. The EC should be replaced by a whole series of multilateral collaborations, giving a more comprehensive coverage of issue areas, but shifting the emphasis of joint endeavours from economics to foreign policy; the various levels of co-operation should only be loosely related and should be strictly inter-governmental. Over a longer period, the European states might consider alternatives to NATO. They should also adjust to leadership by an inner group of Britain, France, Germany and Italy. Having set out this agenda, De Gaulle suggested that Britain should take the initiative in proposing bilateral talks with France.

The Foreign Office suspected an attempt to under-cut the support of the five for British entry. Britain would be seen to be aligning with France to unravel the achievements of European integration since 1957 and to impose a Directoire on the lesser members. With Britain and the Five prised apart, France would then abandon its new offer to Britain and impose its own price for a relationship with the EC. In his memoirs, Stewart suggests that this might have included permanent relegation to some lesser, associate status in the economic communities, with adverse implications for

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1. Wilson, op cit, 1971, P 610

Britain's international influence, or withdrawal from NATO. Determined to sustain the support of the five and "not to act treacherously to our allies",<sup>1</sup> the Foreign Office considered the priority was not to seek clarification from the French Government but to release details to the Germans before Wilson left for a visit to Chancellor Kiesinger.

However, the French Government saw the British as seeking to align the whole western world behind a concerted effort to batter a way into the EC. The leak of the De Gaulle conversation had won little credit with the Five. Brandt, then German foreign minister, was unsurprised by De Gaulle's views. They had already been tried out on the Italian Government. Forced to defend itself in parliament and the media, the British Government issued successive "clarifications" of the De Gaulle conversation. But the French saw these as calculated falsifications of an agreed text. De Gaulle's explicit denial that there would be any immediate move to replace NATO was omitted and the term "Directoire" was substituted for a reference to regular conversations between Britain, France, Germany and Italy.<sup>2</sup>

### 3) The Preparation of Negotiating Positions.

If the Six agreed to open negotiations with Britain at the

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1. Stewart, op cit, P 225.

2. Lacouture, op cit, P 552.

Hague summit in December 1969, it was not in the context of improved Anglo/French relations. Indeed, the task facing the British Government was greatly complicated by the way in which the Hague was geared to the self-contained politics of reaching agreement between the Six.<sup>1</sup>

The summit agreement was shot through with the perception that British entry could lead to the dilution of the EC. Talks were not to be allowed to open until the remaining provisions of the existing Treaties were completely implemented. This would underline the principle that the "acquis" was non-negotiable. It put beyond discussion the primary practical obstacle from Britain's point of view: a new budgetary mechanism, under which the EC would automatically receive certain VAT and CET proceeds. To avoid British attempts to divide the six in their defence of the "acquis", France extracted a commitment that the member states would negotiate en bloc.<sup>2</sup>

Indeed, the French Government in particular felt that the Community needed to be "deepened" as well as "completed" if it was to be secure from the worst fears of British entry. Although there were many other motives for the Hague initiatives to create a monetary union and foreign policy co-operation, France's unwillingness to admit the UK without

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1. See below PP 206-9.

2. De La Serre, 1972, Documentation Francaise, op cit, NED 3882-3.

them was clear. The national management of member economies, intra- EC trade integration and the CAP seemed to be threatened by increasing international currency instability. Enlargement would add to these threats unless Britain was also prepared to accept a monetary union that would fix exchange rates and accelerate the harmonisation of the external characteristics of its economy with those of the Six.<sup>1</sup> One attraction that British entry held for France was that UK Governments were likely to oppose the extension of supranationalism in the EC. However, the French were probably unwilling to admit a further large state without a strictly inter-governmental initiative for foreign policy co-operation, placing that key subject firmly beyond the reach of the Commission, while providing an alternative model and precedent of European collaboration.<sup>2</sup> Britain's own attachment to Atlantic fora also made it important to establish from the outset of British membership that foreign policy co-operation would be EC-based.

Meanwhile on the British side, thinking on how best to approach the negotiations produced one area of agreement and two of disagreement. Taking the area of agreement first, the 1961-3 negotiation was perceived to have run into difficulties because: i) a prolonged haggle had nourished the perception that Britain was a challenge to

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1. See below PP 183-4.

2. Francoise De la Serre and Phillippe Moreau Defarges, "France: a Penchant for Leadership" in Hill, op cit, 1983, P 59

the Community and its plans. Doubts amongst the Five about Britain's commitment had then made it easier for De Gaulle <sup>1</sup> to use his veto: ii) inconclusive and disillusioning talks had further impaired the ability of the British Government to negotiate effectively as the willingness of its backbenchers to accept concessions declined and the chances <sup>2</sup> of an embarrassing party rebellion rose: iii) parallel talks with France on the future of European nuclear weapons had only complicated the negotiation of British membership of the EC. By 1970 it was, therefore, widely agreed in official circles that talks should be expeditious, involving unconditional acceptance of the *acquis* and avoiding the introduction of extraneous issues.

Kitzinger notes the distinction between Macmillan's conditional application in 1961 and Wilson's simple <sup>3</sup> application "to join" in 1967. In the Godkin lectures, Heath argued that full acceptance of the "acquis" had to be regarded as the price of being allowed to apply in the first place, while making unreasonable demands would only "weaken (a negotiating position) by conveying an impression of insincerity". In conversation with Schumann in May 1970, Heath had shown his primary concern for speedy talks and had urged that the Commission should be allowed to play a

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1. Camps, op cit, 1964, P 370.

2. Kitzinger, op cit, 1973, P 77.

3. Heath, op cit, 1970, PP 29-31.

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mediating role to that end. On entering office, he also endorsed an inter-departmental understanding that talks should be confined to the problems of transition to the existing Community<sup>2</sup>; attempts should be made to keep entry diplomacy to the simple question of adaptation to existing structures.

However, even if Britain accepted the "acquis", the terms of transition remained to be negotiated. To many in the British Government, this was the point at which some tough bargaining would be needed as the question of whether Britain had an interest in joining the EC at all remained contingent on the timing of the transition to the "acquis". To see why it is necessary to survey the major problem of the costs of entry. The 1970 White Paper made a key distinction between the impact or static effects that would follow from immediate adaptation to EC institutions - subventions to the budget etc - and dynamic effects which would accrue from autonomous reactions of producers to wider markets, investment opportunities etc.<sup>3</sup>

In an enlarged EC, the static effects would be uniquely unfavourable to Britain. The EC spent 90% of its budget on agriculture, while financing this from a share in VAT

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1. Interview with Edward Heath, December 1988.
2. Interview with Sir Frank Cooper, March 1989.
3. Cmnd 4289 of 1970, Para 75.

receipts and the proceeds of the CET. But Britain had only a fifth as much agriculture (as a proportion of GNP) to subsidise as the EC average, while a heavy import dependence on non EC countries would lead to large CET subventions. The Treasury thus predicted that it would receive only 5% of the budget, while contributing 31%. Britain would also have to switch from a traditional policy of buying its food in the cheapest world markets to giving priority to more costly produce from the EC. With notorious vagueness the 1970 White Paper estimated that the impact costs would be between £<sup>1</sup> 100m and £<sup>2</sup> 1100m. However, the consensus of independent forecasts was in the range of £<sup>3</sup> 550m to £<sup>4</sup> 750m.

It would be a mistake to under-estimate either the economic or political problems that this presented. Unlike Germany, which could absorb any net contributions in a balance of payments surplus, Britain would have to deflate its economy to bring its external account back into balance. The National Economic Development Council pointed out that national income growth would need to be depressed by five times any balance of payments cost. Thus an entry cost of 500m could result in a loss of 4%-5% of GNP that Britain

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1. D. Swann, The Economics of the Common Market, Penguin, Middlesex, 5th Ed, 1984, PP 74-6.

2. The Times, 12 September 1971.

3. Cmnd 4289 of 1970, Para 101.

4. John Pinder, The Economics of Europe, Charles Knight, London, 1971, P 120.

would otherwise have enjoyed.<sup>1</sup>

All the economic arguments for entry surveyed in Chapter 1 posited dynamic benefits. However, there was a danger that, Britain could instead suffer dynamic costs. Although Lord Kaldor was a leading anti, his argument that there were circumstances under which Britain could deindustralise inside the EC seeped into official thinking. A believer in cumulative causation in economics, with sales, economies of scale, profits, investment and competitiveness forming a feedback loop, he argued that everything would depend on whether Britain started in a virtuous or vicious circle at the moment of entry to the EC. Unless the right terms were negotiated, the latter was far more likely: fear of deflation to pay the balance of payments costs of adopting the CAP would hang over investment plans, compounding disadvantages that would face Britain's producers in any case: their initial uncompetitiveness and peripheral position in a large market in which freedom of capital movement and the law of unequal development could work against outer regions. Britain would become the "Northern Ireland of Europe". Even if arguments for entry were correct to point to the dynamic benefits of enlarging the EC, they ignored the possibility that these might accrue only to existing members.<sup>2</sup>

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1. The Financial Times 14 March 1970.

2. See above P 86.

Kaldor thought the only way out would be for Government to engineer a fall in real wages of about 10%, an unlikely event when contemporary research on inflation suggested that expectations of a 2%-3% annual real increase were built into each wage round. Indeed, it was more likely that expectations of food price increases would feed into wages, increasing the risk of British industry beginning EC membership in a vicious spiral of cumulative <sup>1</sup>uncompetitiveness.

The problem of costs transformed the politics of British entry. The British Government seems to have expected that EC entry would be a quiet inter-government negotiation. Heath had expressed the by no means uncommon view that there was a national commitment to entry now that governments of both parties had made an application to the EC, supported in 1967 by a parliamentary vote of approval of <sup>2</sup>488 to 62. In parliamentary exchanges before the 1970 election, political leaders were more concerned to accuse each other of "playing politics" with the EC than they were to open it up <sup>3</sup>to wider political debate. Table 4 shows how the EEC was scarcely mentioned in the campaign, although the negotiations were due to open just 12 days after polling.

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1. Nicholas Kaldor in Douglas Evans, Destiny or Delusion: Britain and the Common Market, Victor Gollancz, London, 1971, PP 57-79

2. Heath, op cit, 1970, P 3.

3. The Guardian, 20 February 1970.

TABLE 4. Stands taken on joining Europe in the election addresses of candidates for the 1970 Parliament

	Conservative	Labour
Strongly pro	2 %	1
Pro with reservations	10	5
Anti with reservations	4	4
Strongly anti	7	5
Total taking a stand	23	15
Ambiguous mention	15	8
No mention	62	77

Source: Butler and Pinto-Duschinsky, op cit, 1971, P 440

However, even before the 1970 election, confirmation at the Hague summit that the new budgetary mechanism would be introduced, had the effect of bringing bureaucratic and domestic politics back into play.

Heath and elements in the Foreign Office seem to have feared that a haggle on transitional terms would only under-cut the benefits of an unconditional acceptance of the "acquis". But the Treasury was eager to "pin down arrangements that would minimise cost".<sup>1</sup> The influence of the Kaldor critique was seen in the Treasury's success in establishing the guiding principle that the costs of entry should be so staggered that there would probably always be some industrial gains out of which they could be met. Thus, in January 1971, O'Neill was to tell the Six that any settlement would have to avoid any flows across the exchanges that could prevent

1. Interview with Lord Armstrong, January 1989.

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Britain from reaping the dynamic benefits of entry. Of all the points that Barber mentioned in his opening statement to the negotiations as presenting Britain with difficulties, only that of the financial burden was presented as making it impossible to "contemplate joining" if a solution could not be found.<sup>2</sup> The Treasury ensured that it fielded a strong team of officials both as part of the delegation in Brussels and in the European unit in the Cabinet Office which the new Heath Government established to co-ordinate negotiating positions from London. The Treasury may have gained Whitehall support for its position after May 1970, when the Foreign Office dented the confidence of other departments in its ability to protect other perspectives of EC entry and the "national interest" by requesting that Britain should be consulted on the development of political co-operation, but omitting to ask the same for EMU,<sup>3</sup> although this seemed to involve many more pitfalls.

However, Anthony Royle, assistant minister to Rippon, recalls that it was not bureaucratic politics but "what could be sold domestically" that required that the negotiations should incline towards the tough bargaining approach.<sup>4</sup> Public support for entry plummeted as the possible

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1. The Financial Times, 13 January 1971.

2. Cmnd 4401 of 1970, Para 14.

3. The Financial Times, 11 May 1970.

4. Interview with Anthony Royle, January 1989.

costs of entry became clear with the Hague summit and the White Paper, published by the British Government in February 1970. The Gallup opinion poll series, which had shown public opinion to be evenly balanced throughout 1968-9, suddenly showed a drop in approvers to just 20% and an increase in disapprovers to around 60%, a pattern that was to persist until mid 1971.<sup>1</sup>

The bipartisan consensus began to look unstable. Senior Conservatives worried that, even if both parties remained formally committed to entry, there would be a competition to appear the more sceptical;<sup>2</sup> the party that lost would be out-flanked in a bid for public opinion and would be more exposed to internal splits, in a political culture in which party unity was generally taken to be an indicator of governing credibility. Anxiety was sharpened by memories of Wilson's descriptions of Heath in the 1966 election as a spaniel ready to roll over at the command of the six; indeed one Labour election broadcast did claim that the Conservatives would agree to entry at any price. To protect his position, Heath went to Paris in May 1970 to state that the "terms had to be visibly beneficial in the long run and tolerable in the short" and that there was no question of entry without the "full hearted consent of parliament and people".<sup>3</sup> The position taken on the EC in the Conservative

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1. Kitzinger, op cit, 1973, P 345.

2. Peter Jenkins, The Guardian, 24 February 1970

3. Heath, speech, 6 May 1971, RIIA Press Lib.

manifesto was later described as "two paragraphs peppered  
1 by ifs and buts". Although the public had been treated to little debate on entry during the 1970 election, the winning party had committed itself to a negotiating approach in anticipation of domestic political troubles.

When Heath formed his Government, it was only from those  
2 thought to favour entry. However Heath's senior colleagues clearly looked to a negotiation to secure terms that would remove unacceptable economic or political risk. Iain Macleod, the new Chancellor, had attempted to commit the shadow cabinet to a referendum on entry to ensure  
3 that the matter was squared with public opinion. Perhaps nothing better sums up the mood of British politics in summer 1970 than a speech by David Howell, who had worked closely with Heath; he argued that Parliament would not accept the CAP, with its "giant welfare subsidy to France and Germany". The only solution was a new Messina Conference to produce a bold new concept of European collaboration to  
4 suit the enlarged EC. The columnist Ronald Butt noted that the Government had a difficult domestic agenda and there was a risk of EC entry adding to a "multiplying conflict with  
5 public opinion".

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1. Anthony Sampson, The Observer, 29 June 1970.

2. Kitzinger, op cit, 1973, P 154.

3. Prior, op cit, P 85.

4. The Times, 10 June 1970.

5. The Sunday Telegraph, 24 January 1971.

Any impact costs could start to fall at the same time as the next election, likely in 1974-5. O'Neill was later to remark that one of the most important decisions was to start the negotiations within eleven days of the election;<sup>1</sup> only then was it possible to reassure Government supporters that the upheavals of entry could be handled before the late stages of the electoral cycle. As soon as the 1970 election results were in, it was also noted that the number of Conservatives publicly committed to oppose entry exceeded the Government's majority of just 30. As early as February 1971, it was presciently predicted that the Labour pros would be unable to support the Government beyond an initial vote, exposing<sup>it</sup> to defeat on the enabling legislation. Thus it became an essential negotiating aim to conclude all items in a way that denied Labour any credible excuse for voting against any of the terms, or outflanking the Government in public perception as the best defender of national interests<sup>2</sup> in dealing with the EC.

Hurd recalls that, in 1970, the Foreign Office strategy was still "to isolate the French further and to build up pressure on them from inside the Community so that in the end they would be forced to let us in". This inspired the

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1. Interview with Sir Con O'Neill, "The Seventies".
2. European Trends, Economist Intelligence Unit, May 1971, No 27, P 24.
3. Hurd, op cit, P 58.

second area of dispute within the British Government. Benn's diaries show that Wilson had been doubtful of this course; as early as 1968, he complained about the Foreign Office's "Byzantine diplomacy designed to isolate the French, but which only succeeded in annoying the Germans, worrying the Italians and dividing the six into five, the five into four,<sup>1</sup> and the four into three".

On gaining power, Heath insisted that Britain could not expect to gain entry through the pressure of the five and that there was no alternative to persuading France. In opposition he had continued a diplomacy of his own which had convinced him that the French Government was not so much divided between a pro and anti camp as that each individual was, to varying degrees, pulled between scepticism and enthusiasm for British entry and competing perceptions of what it could mean for the internal and external development of the Community. The price of Franco/British adversary had been a neglect of one of the principal functions of diplomacy: to stabilise expectations of what each party would do in response to the aspirations of the other, without which there was little basis for even proceeding to an assessment of the value of a partnership. The wooing of France would be easier than the Foreign Office anticipated. It only needed to be made secure about

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1. Benn, op cit, P 20.

the achievements of the Community to date, after which even  
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De Gaulle would have been ready to let Britain in.

Indeed, Heath was convinced that an anti-French alignment would fail. Hurd recalls his thinking:

" there was no question of France accepting British membership because the five wanted Britain in. Only if the Five, had threatened to destroy the community would France have wavered. There was never any real chance of this threat being made or believed". 2.

British entry was gaining support in the French Government precisely because of fears of isolation in a Community of six governments dominated by Germany. Faced with the presentiment of an enlarged Community constructed around an Anglo-German alignment, France would probably resist pressure from the Five, whatever the consequences. Brandt's memoirs suggest that Heath's approach was wise.

" French fears of Britain's special relationship with the US mingled with those of an Anglo-German get together.. there was a widespread tendency in Britain to believe, wrongly, that strong words from Germany would bring France to heel. On the contrary we had to avoid confronting France as a bloc; I was careful to avoid the entrenchment of collective positions." 3.

Indeed, the Commission's line that there was no alternative  
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to the members sorting out enlargement between themselves, reflected a view amongst the old EC that there was no alternative to Britain persuading all its prospective

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1. Interview with Edward Heath, December 1988.

2. Hurd, op cit, P 58.

3. Brandt, op cit, PP 157-9.

4. The Times, 3 March 1971.

partners. The use of traditional inter-state politics to isolate France and to compel it to admit a new partner against its wishes would not provide a promising start for what was hoped to be more than an act of enlargement: a relaunch for the Community method of inter-state dealing. Nor was the US likely to reinforce the five in pressing France to let Britain in. Schaetzel, then US Ambassador to the EC, recalls that in his European dealings, Kissinger was preoccupied with repairing relations with France. He eschewed the encouragement of an enlarged Europe. The internal organisation of Europe, the timing and form of its integration was a matter for the Europeans. The US should concentrate on forming the best system of communication and consultation with whatever emerged. Attempts to adumbrate Grand Designs for Europe had only produced acrimonious conflicts. Finally, a close working relationship with France featured prominently in the re-ordering of Britain's bilateral relations that Heath himself anticipated in parallel with entry: an approach that provoked the comment that he really anticipated an "isosceles triangle" with a peculiarly intimate foreign policy relationship between Britain and France to balance the economic strength of Germany in the new EC.<sup>2</sup>

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1. Andrianopoulos, op cit, P 27 and Kissinger, op cit, 1979, PP 88-9.

2. A. Hartley, "The Politics of Europe", Round Table: The Commonwealth Journal of International Relations, January 1973, No 249, P 15.

#### 4) The Course of the Negotiations.

To summarise the position that had been reached by June 1970, only a few aspects of the prospective relationship between Britain and the EC were left over for explicit negotiation: namely, the terms of transition to a non-negotiable "acquis". Nevertheless, the negotiating phase remained politically important. Many in Britain felt that the national interest in entry hung on the transitional terms. Broad inclinations towards entry co-existed in both British and French elites with mutual suspicions and the Soames affair had shown how these could feed on each other during a detailed discussion. The French attached great importance to parallel conversations on Britain's attitudes to the internal and external development of the EC, especially to its ability to proceed with a monetary union. But there was a potential conflict here with Britain's wish for a quick and simple deal.

The initial distribution of negotiating strengths and weaknesses was finely balanced in spite of Northedge's claims that the six could have demanded more onerous terms had they realised that "Britain had nowhere else to go".<sup>1</sup> Both Britain and France enjoyed a degree of what negotiating theorists call "entrenchment": the ability to

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1. Above P 5.

2. Thomas C. Schelling, The Strategy of Conflict, Oxford University Press, London, 1963, P 21.

project their demands as being without alternative - usually because of intractable domestic constituencies - if other countries wanted the talks to succeed. Moreover, any deal had to reflect the EC's character as both a co-operative and competitive relationship. Any interest in boxing Britain in to an immutable "acquis" had to be balanced against aggravating its weak balance of payments and restive domestic politics, as these would become shared problems for an enlarged EC. Although the Five were hostile to British attempts to fix the level of their own embroilment with <sup>1</sup> France, they were likely to act as something of a swing balance, strictly on their own initiative. However, Pompidou had the advantage that he might not have to use an explicit veto to bloc Britain; there were circumstances in which he could exercise a "covert veto" by insisting on terms that <sup>2</sup> would be unsellable in Britain.

The negotiations were formally opened on 30 June 1970. Britain requested that they should focus on the following areas that would give particular difficulty in adapting to the "acquis": "certain matters of agricultural policy, our contributions to the Community budget, Commonwealth sugar exports, New Zealand's special problems and certain other <sup>3</sup> Commonwealth questions". The economies of New Zealand and certain sugar producing islands faced substantial disruption

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1. See above P 155

2. Kitzinger, op cit, 1973, P 73.

3. Cmnd 4401 of 1970, Para 13.

from any sudden cut-off of agricultural exports to Britain.

Replying for the six, Harmel laid down a series of parameters that further constrained the range of possible solutions within and beyond the principle that the "acquis" had to be accepted in full. The terms had to involve the minimum time needed to adapt EC rules, otherwise they would cease to be strictly transitional arrangements and become de facto derogations. They should be constructed to yield parity of benefits to all parties. They would have to be identical for all four candidates: Denmark, Ireland, Norway and Britain. Finally, the six reserved the right to raise new issues - and EMU in particular- as the talks proceeded.<sup>1</sup>

Two arguments developed in July 1970. The first concerned the order in which issues should be handled. France wanted first to deal with the details of how Britain would adapt the CAP and proposed that the budget should only be discussed when all other matters had been concluded. Britain wanted to discuss its budgetary contributions first. In effect, each was attempting to prevent the other using its principal negotiating leverage. France wanted to tie Britain down to the early introduction of community preference - under which French and other EC farmers would be first in the queue to export to Britain-so that this could not be used to attain better terms on phasing in its contributions

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1. The Times, 1 July 1970.

2. The Financial Times, 21 July 1970.

to the EC budget. Britain wanted the budget settled so that its search for concessions on other issues such as sugar and New Zealand could not be used to lever up its financial subventions.

Second, the British Government told the six that " it would be hard to convince the British public that the EEC represented a genuine pooling of interests if decisions were made about economic and monetary union without the candidates' participation."<sup>1</sup> The French Government insisted that Britain could not be part of the formal discussions on new policies as that would be to pre-judge the results of the negotiation; Britain would have to be content with being consulted on plans for EMU.

In the autumn, Britain proposed differential transition periods of 3 years for the introduction of industrial free trade and 6 years for the adoption of the CAP. When France objected that this would offend the Harmel guidelines above, Britain countered that, as it would lose from the "acquis", the terms of transition should be defined to British advantage.<sup>2</sup>

In December, The British Government switched the emphasis of its bargaining to the budget contributions. It suggested that these should start at just 3% of the total budget, only

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1. The Times, 22 July 1970.

2. The Times, 11 November 1970.

moving to the full amounts prescribed over 8 years. Even then, they should be covered by a safeguard clause, guaranteeing a review if contributions become excessive.

With the publication of the Commission's opinion and its discussion by the Six in the Council of Ministers, the full range of negotiating positions became clear from the end of 1970. The Commission proposed that Britain's budget payments be phased in over five years and that Britain should start by contributing either 10% - 15% or 21.5%, the latter being its initial share of total community GNP. There should be no safeguard clause as contributions would only be excessive if they gave rise to a balance of payments problem and the Community already had a mechanism for mutual assistance in such an event. Britain had proposed that New Zealand dairy and Commonwealth sugar imports should continue de facto at a level that would be little changed in the new EC.<sup>1</sup> The Commission, however, felt that they should be progressively reduced throughout the transition, although help could be found for the sugar producers by including them in the Yaounde Treaty, which defined the Community's relationship with a range of developing countries.

Discussions amongst the Six, however, revealed the crumbling of French hopes of confronting Britain with a firm and united line. In November 1970, The Netherlands and Italy supported Britain's request for an 8 year budgetary

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1. The Times 11 November 1970.

transition. By January 1971, only France and Belgium opposed a compromise whereby the transition would be limited to 5 years but Britain would be protected against any sudden jumps in its contributions over the next 3 years. All of the Five supported a strengthened mechanism should balance of payments assistance ever be needed and while their suggestions for Britain's starting contributions ranged from 5%-10%, France supported the higher Commission option of 21.5%.<sup>1</sup>

In January 1971 an attempt was made to avoid the negotiations stalling by switching the focus from the budget to New Zealand and sugar, only to find that these fronts were equally stalemated. The French refused any concessions beyond 5 years, during which New Zealand's imports should be run down altogether; the volume of sugar admitted to the Community should be halved, though the price paid for it should be doubled as the producers were genuinely under-developed. Again the Five's counter-proposals were closer to Britain's position. They supported the Commission view that sugar imports should be unchanged until 1974 and then reviewed in the context of a new Yaounde agreement. New Zealand's imports should be only partially run down with a review after 5 years holding out the hope of an indefinite concession; indeed, Germany wanted specific reference to be

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1. The Times, 1 February 1971.
2. The Times, 19 February 1971, 13 May 1971.
3. The Daily Telegraph, 16 March 1971.

made to the interests of New Zealand producers in the EEC and Italy tried to persuade France to solve the problem in the context of an international agreement on dairy produce.<sup>1</sup><sup>2</sup>

Although agreements were not being reached on the major issues, Rippon asked in March 1971 that the negotiations should be completed by May. Up to that point, Britain had secured its wish to keep entry free from complication by parallel discussions about a monetary union for the enlarged EC. Ever since it had been refused formal participation in framing plans for EMU, it had been able to "free-ride" on the low level of agreement amongst the Six themselves. Ministers had repeated the formula that Britain was ready to go as "far and as fast" as any other country towards EMU, in the knowledge that this would not be very far or fast. However, faced with pressure to reach a quick decision on enlargement, France surprised the Five by insisting that Britain had to give definite answers to one aspect of its ability to join a monetary union: the future of sterling liabilities had to be considered.

However, Britain insisted that entry negotiations would fail if they had to await a definitive plan of action for the pound balances. It would be necessary to enter discussions with countries that held them and to raise in the IMF the

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1. The Times, 11 May 1971.

2. The Financial Times, 22 March 1971 and Sunday Telegraph  
21 March 1971.

issue of how to replace liquidity withdrawn from the international system. Some felt that France had exercised its covert veto; in response to gathering signs that the British Government could not sustain negotiations beyond the summer for reasons of domestic politics, it had introduced an issue that would take months to settle. Germany, Italy, The Netherlands and Luxembourg showed their disapproval by deciding not to be represented at principal level at a meeting of Finance Ministers on 31 March 1971. Nevertheless, that meeting took the first step to defusing the crisis by suggesting that the EC should separate out those aspects of the pound balances that could affect the enlarged EC and discuss possible safeguards with the British Government.<sup>1</sup> During these consultations, it became clear that France wanted Britain either to raise an international loan to liquidate the pound balances immediately or to undertake to run them down by 5% a year.<sup>2</sup> Meanwhile, other members should be exempted from obligations to extend mutual assistance to Britain if any balance of payments crisis arose from sales of the pound balances. The Five opposed formal commitments to eliminate the balances and argued that mutual assistance under the Treaties could not be limited.

The British Government remained strangely sanguine throughout this episode because it knew the bargaining focus was already moving into a secret back-channel between Heath

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1. The Guardian, 31 March 1971.

2. International Herald Tribune, 6 May 1971.

and Pompidou. From February 1971, Soames and Michel Jobert, who was both an aide to Pompidou and a friend of Heath's Private Secretary, Robert Armstrong, hammered out the <sup>1</sup> outlines of an agreement. But it was not until 8 May 1971 that Heath and Pompidou went public and announced that they would meet two weeks later in Paris.

Meanwhile, it was agreed that the two governments should aim for some progress at the May 11th-12th negotiating session in Brussels with remaining issues being settled in June if the Paris summit was successful. However, the May meeting showed that even with intense bilateral consultation, the complexity of the diplomacy was such that smooth convergence could not be guaranteed. Britain made the significant concession of immediate preference for EC agriculture in its domestic market, while both Britain and France accepted a formula for budgetary contributions, in which it was implicit that France had reduced its demands for Britain's starting contribution from 21.5% to around 11%.

However, the talks ran into serious trouble over sugar. On 10 May 1971 agreement seemed to be reached on a formula that had apparently been "hammered out between Soames and Jobert".<sup>2</sup> Rippon announced to the press that "manifest progress had been made". France now accepted that sugar

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1. Interview with Edward Heath, December 1988.

2. Kitzinger, op cit, 1973, P 134.

imports could remain unchanged until 1974, after which producers could choose either full association with the EEC / or a trade agreement under Yaounde. However, the next day, Rippon spoke of a " dialogue of the deaf" and that he would " rather stay all night at the negotiating table than leave <sup>2</sup> the issue in its present muddle". In the meantime, he had heard from London that the Caribbean countries would come <sup>3</sup> out against the terms as then constituted. However, on he was unable to obtain more than an statement that the enlarged Community would " have at heart" the interests of primary producers, notably of sugar.

A week later, Heath and Pompidou held their meeting in Paris. Thanks to the willingness of Heath and others to give <sup>4</sup> interviews and a recent lecture Heath gave at Chatham House <sup>5</sup> it is possible to piece together some of the detail of the summit for the first time . Heath and Pompidou agreed that the status quo in European politics was imperfect. Heath argued that major international decisions should no longer be the preserve of the superpowers. Europe needed to collaborate to become a coherent actor in international economics, to assume greater responsibility for its own

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1. Kitzinger, op cit, 1973, P 134.

2. The Financial Times, 12 May 1971.

3. The Guardian, 13 May 1971.

4. Interviews with Edward Heath, December 1988, Lord Armstrong, January 1989 and Sir Michael Palliser, February 1989.

5. Heath, op cit, 1988.

security and to conduct a common diplomacy across the globe; but he suggested that an inner group of Britain, France and Germany would be necessary to give leadership to an enlarged EC.

Heath was ready with an offer to accompany British entry with Anglo-French nuclear co-operation. Since the Godkin lectures of 1967, he had seemed to envisage that Britain's access to US nuclear information and technology should be extended to France, but the long term goal should be collaboration to produce an increasingly independent European deterrent. This would "be held in trust" for the EC as a whole with other members being consulted on deployments and doctrine in the same fashion as the McNamara Committee in NATO. Heath claims that before his summit with Pompidou in May 1971 he obtained Nixon's agreement that:

"if we had a joint Franco-British deterrent there would be no objection to handing over the technical information from American sources that were then in British hands" 2.

Pompidou felt that without unity the European states could find neither dignity nor effectiveness, but he rejected Heath's proposal for nuclear collaboration, arguing that it would be impossible to make two major changes in Gaullist foreign policy simultaneously: the end of Europe of the Six and of a strictly independent security policy. Nevertheless, Heath registered his keen interest in

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1. Heath, op cit, 1970, P 4.

2. Heath, op cit, 1988, P 207.

discussing nuclear collaboration in the future, noting that with long lead times in defence planning this might be an early topic for Anglo/French co-operation in an enlarged EC.

Pompidou affirmed that his principal interest in further European integration lay in monetary union. Heath agreed that this was a precondition of European equality with the US in international economics and of the successful management of member state economies, free from disturbance by exogenous capital flows.

Pompidou was eager for Heath to confirm that Britain would support French preferences for an intergovernmental approach to integration and join it in sustaining the Luxembourg compromise. Heath clearly satisfied Pompidou on this point. Kitzinger notes that while the communique spoke of "very close" views on Europe's external role, it was able to announce "complete identity of view on internal working and development".<sup>1</sup>

When they turned to specifics, much of the time was spent on monetary questions. Pompidou expanded on the French perception that the pound threatened the creation of an EC monetary bloc. The French Government hoped that EMU would provide leverage to secure the removal of reserve currencies in forthcoming negotiations to reform the international monetary system. These currencies had menaced

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1. Kitzinger, op cit, 1973, P 124.

the discretion of Governments in the management of their economies. They enabled the US to run an indefinite balance of payments deficit, to appropriate foreign assets with liabilities that were not fully redeemed and to determine unilaterally the rates of monetary expansion, growth and inflation in other countries. However, the pound was not only itself a reserve currency, but a precarious one that was only secured from crises by the dollar under-writing of sterling balances by the Basle agreement. Unless Britain was prepared to commit itself to liquidating those balances, it would surely be constrained to oppose an EC assault on the dollar's privileged status. It was alarming that the pound balances had actually increased by 50% since Basle in 1968.

Heath accepted an informal understanding that Britain would aim to run down the use of the pound as a reserve currency by decreasing the proportion of official sterling holdings with dollar backing by 5% a year. But the reductions had to be acceptable to the countries that held pounds in their reserves, they had to be linked to overall progress in the creation of new international liquidity and it was important that they put no further strain on the British balance of payments. To aid the run-down of sterling liabilities, Heath implied that his Government would set its economic policy to strengthen Britain's payments position and to repay debts; he hoped that France would join the Basle treaty as a step to diversify the underwriting of the pound away from the dollar. For the moment. Pompidou was asked not even to pass

on details of this agreement to the Five as there would have to be talks with the sterling area countries and the House of Commons was bound to worry about further balance of payments commitments during transition to full membership.

On other matters it was agreed that Britain's initial contribution to the budget should reflect the costs to the Communities of arranging its entry, i.e. at least 7%. Pompidou asked Heath how he could allay his fears that the French language would gradually be displaced by English. Heath offered to copy features of the Franco-German agreement that had encouraged cultural exchanges, town twinning etc. In response to Pompidou's concern that the Francophone zone would suffer as the Black Commonwealth would represent a larger addition to the area covered by Yaounde than the extra funds that the scheme would receive from British entry, Heath replied that Nigeria would benefit from oil revenues and would thus not require aid.

At the next negotiating session on June 7 1971, Rippon announced that his Government would accept an "orderly and gradual" run- down of the pound balances after accession, "the progressive alignment of the characteristics of the pound with those of other EC currencies" and the need to "manage British policies with a view to stabilise the pound <sup>1</sup> balances". Schumann used his position in the chair to

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1. The Times, 8 June 1971.

break with normal procedures and to ask French Finance  
1 Minister, Giscard D'Estaing, to reply first. Giscard simply  
accepted Rippon's statement, bringing all discussion to an  
end, as the other delegations had come with briefs that  
anticipated the need to mediate between British and French  
positions. Ignorant of the secret understanding between  
Heath and Pompidou on the run-down of the pound as a reserve  
currency, Raymond Barre, the Commissioner responsible for  
EMU, believed that the initiative had been betrayed by the  
2 acceptance of Britain's vague commitments .

Many amongst the five believed that the June meeting  
signalled the need for their diplomacy to assume  
Anglo/French collusion, where it had previously been  
premised on their antagonism. As one German diplomat was to  
argue during the final session of June 21st-22nd: " at  
previous discussions the five could have put up a sign  
saying "British delegation" ..now it is up to Britain to do  
some genuine negotiating and France to show some  
3 flexibility"

Nevertheless, the final lap was not without Anglo/French  
tensions. Britain advanced the position that whatever New  
Zealand was exporting at the end of a five year transition  
should continue unless there was a unanimous vote of the

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1. The Guardian, 12 June 1971.

2. De La Serre, op cit, 1987, P 46.

3. The Times, 22 June 1971.

enlarged EC to the contrary. Tempers flared and Schumann objected that Britain clearly did not understand that the EC was about giving priority to each others produce. Britain then seemed to accept that New Zealand's dairy exports to the EC should be reduced to 66% of existing amounts by the end of the transition and that any member would be able to veto a continuation after five years. However, New Zealand's Deputy Prime Minister, John Marshall, kept insisting that Britain should ask for more until the Dutch insisted that 71% should be the final offer.<sup>1</sup>

Britain's starting contribution to the budget was finally settled at 8.64%. Both Rippon and O'Neill have subsequently claimed that Britain accepted a slightly worse deal than anticipated in order to secure the concessions to New Zealand, perhaps a fitting curtain fall on Commonwealth constraints on Britain's adaptation to a full relationship with its European neighbours.<sup>2</sup>

The negotiators celebrated success at 4 a.m. on 23 June 1971. Nevertheless there were some residual points to be discussed, notably the Common Fisheries Policy, which Britain had refused to recognise as covered by its promise to adopt the *acquis* in full, as the Six had pushed it through, in what seemed to be a last minute attempt to change the conditions of entry, just a few days before the

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1. Kitzinger, op cit, 1973, PP 141-3.

2. Interviews with Rippon and O'Neill, "The Seventies"

negotiations were due to open. As late as November 1971, Rippon argued that the CFP would cause such disruption to UK fishing that Britain would not join without its amendment. Under the policy, all boats would have access to territorial waters of all member states, although the four candidate countries would bring 60% of the fish stocks of an enlarged EC. Moreover, the candidates could reasonably claim that they had done more than the Six to conserve their stocks and that their waters were now being targeted by "factory boats" that had exhausted catches nearer to home.

The enlarged Community had landed its first diplomatic tangle. Fishing interests throughout the Six had built new boats in anticipation of access <sup>to</sup> new waters; someone was going to end up with excess capacity. The Five argued that the original Six, at least, had an agreement and that their fishers should have access to French waters. France insisted that any policy would have to apply throughout the new <sup>1</sup> EC. As it became obvious that the CFP could prevent Norwegian entry, the Commission lobbied for Norway to be exempt. But the British Government concluded that domestic politics could not allow it to fail to secure a concession that had been granted to another candidate, while one of the few hopes of selling an agreement to UK fishermen would be to hold out the hope of compensating gains in access to Norwegian waters. By the autumn, the problem was further complicated as Iceland threatened to extend its fishing

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1. The Times, 12th July 1971,

limits to fifty miles; loss of opportunities outside the EC would sharpen competition within; 33% of Britain's catch <sup>1</sup> would be lost by exclusion from the Icelandic fields.

As the deadline approached for concluding an agreement in time for the signing ceremony in January 1972, the final outcome must have been unsatisfactory to all. Over a 10 year transition, the CFP would apply only nominally to the extent that most stocks would be reserved for national industries: 95% in Britain's case. However, unless all members voted for another transition period, the CFP would come into full <sup>2</sup> operation after 10 years. Although Norway was not to vote to remain outside the EC until the autumn, its accession was known to be improbable from the time of the fishing agreement. The Norwegian Government may have considered UK <sup>3</sup> acceptance of this package a betrayal. Indeed, a conflict may have arisen between UK and Norwegian entry at this point, as the British Government, which faced the most precarious stage of domestic ratification in early 1972, could not allow an issue that was discrediting EC processes to drag on any longer.

To make the link into the next chapter on the causal significance of the negotiations to entry/enlargement, it is worth concluding with two views that the talks were never

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1. The Financial Times, 14th December 1971.
2. The Express, 13th December 1971.
3. The Guardian, 8th January 1972.

more than game play between actors who always knew where they would end up. According to the first, haggling and agreement were both inevitable for the same reasons. Success was never really in doubt because the parties expected some "coalition surplus", but they were bound to "play chicken" over the apportionment of these benefits of combination up to the last moment. Thus little was decided in the ten months to May 1971 and then everything fell into place within two months.

Alternatively, the negotiations can be seen as a necessary quadrille, the rules of which were well understood by governments and the purpose of which was to reconcile domestic constituencies to change by perfectly choreographing the drama in three acts: tough advocacy to show that national positions had been pushed as far as possible, followed by well-publicised reconciliation and settlement and, finally, collusion between Governments to produce packages honed to the problems of public persuasion  
<sup>1</sup> faced by each.

Perceptions of what would be an acceptable settlement changed as repeated negotiating deadlocks deepened understanding of the limits of negotiability on specific issues. On 3 February 1971, The Times had argued that the Treasury would have reason for concern if Britain's starting

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1. R.D. Putnam, "Diplomacy and Domestic Politics: the Logic of two-level Games", International Organisation, Summer 1988, Vol 42, No 3, P 451.

contributions were much higher than 5%. When the Government settled at 8.6% in June, the general tenor of comment was <sup>1</sup> that no-one could have expected better terms. The substance of the negotiations had focused on a remarkably narrow range of phenomena constitutive of Britain's new relationship with the EC. To leading antis, Enoch Powell and Peter Shore, this <sup>2</sup> had been a deliberate trompe d'oeuil: if the Governments had found a solution to all the questions on the agenda, it seemed to many that all the problems involved in entry must have been removed. It was easy to forget that the suitability of the *acquis* itself to British interests had not even been up for discussion. A final stage of collusion to ease problems of domestic ratification faced by other Governments can be seen in such incidents as the decision to cut New Zealand cheese imports by 80%, although its total dairy quotas would fall by only 29%. Pompidou had pointed out to Heath that his own home region of the Auvergne was more exposed to competition from New Zealand's cheese than <sup>3</sup> its butter !

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1. The Sunday Times, 27 June 1971.

2. The Times, 19 December 1970 and The Sunday Times  
17 January 1971.

3. Interview with Edward Heath, December 1988

## CHAPTER 4: RETHINKING THE NEGOTIATIONS IN CRITICAL/COGNITIVE TERMS

Critical theorists advise that analytical categories should occasionally be relaxed so that the "whole field of dispersed events can be set free" as a preliminary to re-introducing an explanatory framework.<sup>1</sup> How might a dispersion of the actors, beliefs, structures and events that characterised the negotiations of British entry to the EC be represented?

The field of actors might be summarised by a version of Robert Putnam's description of negotiations as a logic of multi-level game play. Ten Governments - 6 members and 4 candidates- were each trying to find a solution that satisfied their own negotiating goals, while simultaneously forging a winning coalition amongst i) the other Governments ii) bureaucratic politics back home and iii) wider domestic politics. The problem was that was "rational at one game board was impolitic at another".<sup>2</sup>

However, actors made their moves in structured contexts of inter-state politics, the intersubjective norms of European co-operation, the economics of global markets and interdependence etc. Each negotiating government found that these factors added to the fracturing of its environment by

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1. Foucault, op cit, P 27.

2. Putnam, op cit, P 434.

the multi-level game-play, in that it was often hard either to ignore any dimension or satisfy them all at once.

But most immediate to the moves of each actor was the conceptual prism through which he made sufficient sense of his complex environment to make decisions under conditions of uncertainty. Such was the ambiguity of situation and the indeterminacy of interests, that interpretations of what should be done always varied more than variations in either the position of actors or their access to information. These differences in belief systems clustered in institutions and nation states, but also over-lapped them.

Moreover, neither structures nor beliefs were static. There were three reasons for this: i) the negotiations were partially creative of the very relationship they were intended to discuss, ii) the negotiations provoked and responded to changing events in the wider international system and iii) stable belief systems are not static belief systems; rather, in a situation like a negotiation, they involve predictable dynamics in the evolution of beliefs in response to moves, counter-moves and extraneous events.

The central contention here is that theories of cognitive dynamics and a recursive view of international structures are sufficient to extract explanatory simplicity from such descriptive complexity. Unlike theories of superordinate systemic pressures, or those of rational actors, it is

unnecessary to step out of the evolving, interacting dispersions of actors, structures, beliefs and events, or to pretend that they were perfectly understood by actors. The result is to rescue the processes and events of negotiating British entry from marginalisation by equilibrium theories of foreign policy change and to re-discover them as a source of contingency: to show how both the fact and character of British entry depended on the negotiations of 1970-1.

A cognitive distinction provided by Steinbruner provides a useful starting point. Some decision-makers operate as "theoretical-thinkers"; they have a firmly anchored belief-system, regard their approach as without alternatives and are good at interpreting almost any development as reinforcing their point of view. Others are "uncommitted" thinkers. They frequently state a point of view with clarity, firmness and detail, and as being without alternative; but they are quite capable of doing the same for its opposite.

Most of those who were relevant actors without being direct participants in the negotiations were "uncommitted thinkers", while the pressures to adopt simple and clear lines in political discourse obscured the degree of doubt even amongst the principal protagonists. Although a leading

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1. Steinbruner, op cit, P 128-33.

pro-marketeer, Jenkins continued to believe that everything hung on the terms; in his last weeks as Chancellor he asked George Thomson, who was set to become Labour's Chief Negotiator, " whether it was possible to get a tolerable <sup>1</sup> bargain on the EC" as he felt "nervous and sceptical". Barber claims that when the negotiations opened in June 1970, he felt that there was only a 50: 50 chance of reaching a solution that would allow the UK to enter, while Prior wondered whether entry just " was not too difficult" <sup>2</sup> as reports came back to Cabinet from the negotiations. Pompidou eventually concluded that "Europe with Britain will be difficult, but without her it will be impossible". However, he had earlier been determined not to accept any terms and he had said this to private confidants, not just <sup>3</sup> for public consumption. Michel Jobert, then Pompidou's private secretary, recalls that it was still a matter of deciding whether " Britain was sincere" and whether " Europe of the Nine would have a form and a future, which we <sup>4</sup> could accept".

Chapter 3 revealed the layers of ambiguity that confronted actors. In Britain, hopes that entry would modernise the economy and adapt it to the needs of international competition were balanced by fears of a Kaldorian

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1. Interview with Roy Jenkins, " The Seventies".

2. Interview with James Prior, " The Seventies".

3. Roussel, op cit, PP 449 & 466.

4. Jobert, op cit, PP 182-3.

deindustrialisation. Perceptions of the value of a Community of nations to compensate for the shortcomings of the middling state were matched by concern that the EC might be just another jungle of competitive inter-state politics, with the terms of Britain's entry designed to reduce its influence and prosperity. The French Government was unclear whether British entry was now needed to smooth the continued development of the EC by removing perceptions that the Six could be dominated by Germany, or whether Britain would obstruct new proposals and challenge the "acquis", or even align with Germany to limit the EC to Atlanticist priorities. At one moment, the Five worried about going any further with European integration without Britain; at the next, they agreed that the priority was to protect the achievements and relationships of the Six: the "bird in the hand" of European co-operation. Moreover, these differences were not a matter of differential access to information, but of the chronic susceptibility of the same facts to different interpretations. For example, of 600 British economists surveyed, 208 felt that entry would not be in the national interest, against 199 who took the opposite view.<sup>1</sup>

Faced with a problem of making a decision on entry/enlargement under conditions of such uncertainty, the negotiations assumed a role that belied their often trivial substance. Actors attempted to use them i) to test

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1. The Guardian, 23 October 1971.

alternative hypotheses about each others intentions - to "search and learn".<sup>1</sup> ii) to reconstruct an enlarged EC in directions that would remove their fears and confirm their hopes. This was apparent in the linkages that the Six made between admitting Britain and the creation of a monetary union and foreign policy co-operation. But there was also considerable manoeuvring to shape the intersubjective structures of the enlarged EC. Kolodziej has put the point perfectly in his assessment of French diplomatic thinking: "each specific transaction contributes to a grammar of relationships, norms and expectations.. the whole structure is open to change by the next move".<sup>2</sup>

The process of testing prospective partners and jockeying to establish a "common law" of understandings for the new partnership ran right the way through the negotiations. Schelling has argued that most negotiations are ultimately qualitative and not quantitative;<sup>3</sup> it is hard to legislate for all outcomes, while such detailed clauses as are agreed may evolve very differently, depending on processes, relationships and understandings. Britain thus continuously tested the ability of the Six to recognise the problems that could arise under the "acquis": if the EC was characterised by a high level of mutual understanding, the "logic of

1. John G. Cross, "Negotiations as a Learning Process" in I. William Zartman, ed, The Negotiation Process: Theories and Applications, Sage, London, 1978.

2. Kolodziej, op cit, P 13.

3. Schelling, op cit, P 34.

partnership" could even be a better guarantee against any economic damage to Britain than detailed terms that could never anticipate the precise shape of future difficulties; but if the EC was a disguised form of inter-state competition, it would be hard to remove problems arising from Britain's net contributions, as this would necessarily require other member states to pay more and any partner could veto changes proposed by the UK.

The tests that Britain was eager to carry out and the principles that it wished to establish can be demonstrated as follows. O'Neill told the Six that issues had to be settled in a way that allowed Britain to believe that its interests were part of the general interest and that an enlarged EC would not have regard for the original members only, reducing Britain to permanent inferiority on account of its late entry<sup>1</sup>. As the Six had taken 12 years to adjust to the Community budget, flexibility on safeguarding Britain from excessive contributions for some time beyond the 5 year transition became an acid test of whether they were prepared to treat Britain in the same way as they had treated themselves. Rippon spoke of the importance of the Six showing that they could understand Britain's circumstances<sup>2</sup> and that they really were "friends and allies". Heath was anxious to establish the principle that any member whose prosperity was prejudiced by a common policy could expect

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1. The Times, 12 January 1971.

2. Interview with Rippon, The Guardian, 25 January 1971.

its correction by right. While accepting the "acquis", the British Government advanced the principle that if a member's essential interests were compromised by existing policies, all partners would work in good faith to remove the problem. In relation to the budget, it made much of the Commission's view that " should unacceptable situations arise, the very nature of the Community would require institutions to find equitable solutions".<sup>1</sup> On a different tack, Heath presented the treatment of sugar producers and New Zealand as " auguries" of the EC's openness to trade with the rest of the world and of its consideration for outsiders in taking decisions about its own integration.<sup>2</sup>

Pompidou outlined on French television the tests and understandings that he had been determined to clarify with Heath before accepting the UK. First, Britain should support EC development along strictly intergovernmental lines. Second, Britain should be expected to " moor itself to the continent and detach itself from the Ocean". Members should not attempt to build superior external status in order to obtain special influence within the Community. Pompidou also claimed to have employed specific issues to test British acceptance of key principles in the concrete and not just the abstract. Willingness to liquidate the pound balances probed Britain's commitment to align its policies so that the EC could function as a single policy-making unit,

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1. Hansard, 21 July, Col 1465.

2. Heath, speech, 12 February 1971, RIIA Press Lib.

specifically as an Economic and Monetary Union. Immediate adoption of preference for EC Agriculture in the British market tested Britain's preparedness to give priority to intra over extra EC relationships.<sup>1</sup>

However, the processes of testing prospective partners and interacting to construct new understandings were by no means doomed to succeed. As Snyder and Diesing point out, the significance of each move and counter-move in a negotiation rests on how it is interpreted, not on how it is intended, with each party ... filtering its interpretations through preconceived images of others. As in the EC negotiations, actors may begin with several interpretations of their bargaining partners, but, as they aim for certainty, some point will normally be reached at which a particular image becomes salient and hard to shift, as it becomes the focus for selecting and interpreting all further information. Successful convergence thus requires that there is no point during the negotiation at which negative interpretative frameworks become salient amongst sufficient government or domestic interests to block the success of the talks, bearing in mind that blocking combinations may be transnational and mutually antipathetic. However, at least three points of possible diffraction into negative dynamics

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1. French Embassy Press Release, 24 June 1971, RIIA Press Lib.

2. Snyder and Diesing, op cit, P 284.

revealed themselves during the negotiations: i) actors were susceptible to "mirror" any adverse perceptions they had of each other: ii) there were potentially fatal discontinuities in the mutual consciousness of actors. iii) when anxieties gained the upper hand, the incentives and pressures for entry/enlargement tended to be re-interpreted as being less urgent than had previously seemed to be the case:

i) Negative spirals in negotiations. Both British and French actors began with some fairly robust negative images. There was a danger that these could feed - or, as cognitive theorists put it, "mirror" <sup>1</sup> - each other. Anglo/French concerns were so structured that it was hard for one side to find reassurance without aggravating the anxieties of the other; indeed, the two governments tended to devise mutually exclusive tests of the other's intentions, while adverse perceptions easily became self-fulfilling prophecies by provoking the very behaviour that was feared to represent the true character of the other side.

Moves that many in Britain regarded as confirming evidence that France was determined to extract a "ransom" for Britain's late entry were, in fact, part of a restless anxiety to remove all possibility of a British challenge to the "acquis", a problem which was aggravated by the very unanswerability of De Gaulle's claim in 1967 that, whatever their intentions at the time of negotiations, British

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1. See above P 26.

Governments would eventually be constrained to challenge the Community. The French Government pushed for an initial commitment to a high start point for British contributions for fear that if Britain was faced by large jumps in subventions towards the end of the transition period it would use these as an excuse for not completing the adoption of the budgetary mechanism. Jean-Francois Deniau, the Commissioner in charge of the negotiations, concurred that there was also a risk in allowing Britain a review clause: " Britain would nod in the direction of the system when entering, it would have 8 years to implement<sup>it</sup> in full and even then it would invoke any review clause"<sup>2</sup>

The French also attempted to deny Britain full voting rights in the CAP until 1978 for fear that Britain could compel its atrophy by blocking future decisions needed to "service" the policy: a possibility that was all too evident to the French Government after its own attempt to force changes on the EC by boycotting its decision-making between 1965 and 1966. However, to many in Britain this move only nourished the fear that the UK would have to pay a price of continuing inferiority for its late entry to the EC. Rippon angrily replied that it would be absurd for Britain to be a net contributor between 1973 and 1978, while enjoying inferior voting rights to countries that would benefit from its

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1. Interview with Maurice Schumann, The Times, 18 Feb 1971.

2. The Times, 2 Feb 1971.

3. The Daily Telegraph, 15 March 1971.

<sup>1</sup>  
subventions.

For their part, British negotiators responded to predictions that France would press for a high start-point for British subventions by opening the bidding with a suggestion that the UK should only contribute 3% of the total EC budget in the first year. The Treasury, which was worried about any figure higher than 5%, felt that a dramatic move had to be made to shatter EC misperceptions that Britain could pay <sup>2</sup> very much at all in the first years of membership. But such a move could only be made at the cost of provoking concern even amongst the Five that Britain was seeking a "risk-free" approach to EC membership that demonstrated a lack of <sup>3</sup> commitment. As for French actors, many felt that they now had all the more reason to stick to the interpretation that Britain was attempting to question the "acquis" while pretending to acknowledge it. The real difficulties that confronted the UK were "screened out" or reinterpreted in a fashion that seemed peculiarly insensitive to those British actors who were looking for any indication of EC understanding of Britain's predicament. French Agriculture Minister, Jacques Duhamel, argued that adoption of the "acquis" would be only a minor problem as Britain would only be adding a further 3% to the 22% inflation that it had

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1. The Times, 1 February 1971.

2. The Times, 3 February 1971.

3. The Times, 10 March 1971.

experienced in the last three years. Schumann hinted that Britain only needed to devalue prior to entry to get rid of costs to its balance of payments, ignoring the fact that this would still divert resources from domestic consumption.<sup>1</sup>

As it seemed so obvious to many in Britain that the Six would benefit from Britain's net contributions but damage their own economies by insisting on terms that were too onerous, tough EC negotiating positions were easily taken as implying darker purposes. Indeed, several perceptions that were common amongst Britain and the Six fit the prediction of cognitive theory that actors often see the moves of others as more deliberate and directed at themselves than they really are, while failing to understand how far their interlocutors' bargaining positions reflect genuine difficulties inherent in their situation.<sup>2</sup> Such a pattern will complicate convergence in any negotiation.

ii) Gaps in mutual consciousness and miscalculation.

Steinbruner has argued that one of the strengths of using an information flow framework for analysing transactions is that it is possible to pick up points at which outcomes are affected by "fatal discontinuities" in the knowledge of actors. Governments may a) make moves without awareness of how they will feed into the perceptual dynamics of negotiating partners b) they may pay insufficient attention

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1. The New York Times, 7 March 1971.

2. See above P 27.

to cognitive dynamics in the wider bureaucratic and domestic politics of interlocutor countries c) they may find themselves having to respond to pressures from domestic constituencies that are even less aware of how malapropos their demands are in relation to foreign perceptions.

These risks are increased by the way decision-makers often deal with problems one at a time, in the haphazard order in which they become urgent and with a simplified and highly selective view of the variables, rather than a synoptic understanding of all the possible spill-over effects from today's solution to tomorrow's problem. However, what starts as x's ignorance of the perceptions of y, or a temporary failure to take them into account, may produce a whole bargaining history of its own; y may change his subsequent appraisals of x, perhaps in the direction of a stubborn image that is impervious to rebutting evidence. Unintended, negative cognitive dynamics are not always open to subsequent diplomatic correction as efforts to undo the damage will have to be interpreted through perceptions that have changed in the meantime.

These risks can be illustrated by taking a closer look at the consequences of the Hague summit. As the Six were preoccupied with the problem of reaching an agreement between themselves, they may have paid insufficient regard to how the formula of "completion, deepening and enlargement" would spill into British perceptions. It has

been seen that the deterioration in British public opinion can be precisely dated from February 1970; by January 1971, the British Government was negotiating against a background of only 16% support for entry, a factor that was, in turn,<sup>1</sup> spilling back into EC anxieties about the new partner.

The Luxembourg compromise of 1966 had been of great importance in easing the House of Commons into an impressive show of bipartisan support for British entry; it had allowed the EC to be presented as a strictly limited relationship, which would offer expanded markets, expanded international influence and national vetoes over all EC decisions. However, the Hague decision to proceed with a monetary union resuscitated the argument that the moment of entry offered the last realistic opportunity to decide against a process<sup>2</sup> of inexorable European integration.

Proposals for EMU also sharpened worries about the economic costs of British entry. The principal lesson of British economic policy before devaluation in 1967 was seen to be that fixed currencies only locked countries like Britain into cumulative uncompetitiveness: countries with intense "sociological" wage pressures and which attempted to imitate the most advanced global consumption habits without the matching productivity needed to be able to change their exchange rates, if they were both to balance their external

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1. The Times, 4 March 1971.

2. Speech by Peter Shore, December 1970, RIIA Press Lib.

account and keep full employment. A typical objection to the notion that pressures for currency change could be willed away by political fiat was as follows:

( correct parities) " are deeply rooted in inter-relationships in respective economic systems, that are even beyond medium-term policy manipulation.. to attempt to fix the currency of an area poorly endowed with capital, with a poor ratio between skilled and unskilled labour, whose workers would strive for similar wage and consumption habits to continental peer groups would only result in unemployment" 1.

Indeed, the Six's decision to proceed with a Monetary Union presented Britain with a problem of integrating all the strands of its external dealings with a successful entry negotiation to the EC. An early pitfall was presented when the Treasury responded favourably to a US proposal to widen bands of currency fluctuation from 1% to 3% , probably without anticipating that the French would interpret this as evidence that Britain, Germany and the Netherlands would align to keep the development of the EC in line with US preferences. Schumann thus responded with a statement that Britain would have to drop its candidature if it continued to support a widening of currency bands.<sup>2</sup>

Finally, the Hague made it more difficult for the UK Government to hold to an approach geared to shattering perceptions of a concealed British intention to challenge the "acquis". Cognitive theory predicts that if one party

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1. Professor Ivor Pearce, The Times, 18 January 1971.

2. The New York Times, 11 July 1971.

has a well-anchored, adverse perception of the "concealed" motives of another, only an unequivocal reassurance will shatter this. There is, therefore, a tension between the dramatic moves that are often needed to make a negotiation work and the incremental approach that governments may have to take for reasons of domestic and bureaucratic politics. Domestic reactions to the Hague forced the British Government into a tough negotiation of the transitional terms, rekindling French perceptions that, behind the rhetoric, there had only been an incremental change in Britain's earlier hostility to Community arrangements. The Hague thus undid some of the impact of Britain's simple, unequivocal acceptance of the "acquis" in 1967.

To a degree, the combination of the Hague decision to go ahead with automatic financing for the CAP and the publication of the consequential costs to Britain in the 1970 White Paper can be seen as efforts by the British and French Governments to "entrench" their positions prior to negotiations: deliberately to put themselves in a position in which it would be impossible to make concessions to the other's viewpoint.<sup>1</sup> However, entrenchment by two parties is a common reason why negotiations fail when they could have succeeded. Entrenchment changes the costs of making concessions. These are no longer limited to the merits of the case, but may widen to include a) domestic loss of face and b) a reduction in the ability of a government to make

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1. See above P 172.

credible threats in future negotiations. In extremis, the desire to be perceived as the "winner" becomes superordinate to arranging the best details for a settlement.

iii) Re-interpreting major interests in the light of minor difficulties. The idea that the negotiations were doomed to succeed often rested on the distinction between the so-called "high politics" of overall national positioning in the international field and the "low politics" of technical modalities and specific interests. Surely bargaining about "low politics" would not be allowed to affect judgements of "high political" interest in entry/enlargement? The above answer to this point was that Governments were not always certain what their interests in "high politics" were, so they used the talks on "low politics" to test alternative hypotheses of how prospective partners would behave in the new relationship. It will now be claimed that even where Governments had fairly firm views on what they should do in response to "high politics", these were open to redefinition when difficulties arose on specific negotiating points. It will be recalled from the theory of cognitive consistency, that actors will want to end up in an unambiguous situation without cross pressures and with most of their values either pointing to the acceptance or refusal of a decision; where their perceptions point in different directions, they will restructure them to eliminate "

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1. William Wallace, op cit, 1975, PP 11-3.

dissonances". However, there were perfectly good reasons why anxieties about "low politics" had a potential to redefine perceptions of overall national interest and not the other way round.

First, what cognitivists call "affect" shows how actors can allow their feelings and moral commitments to change their assessments of what is rational.<sup>1</sup> On the British side, the negotiations roused powerful emotions in at least four areas. Copious press comment reveals the outrage at what Wilson called "paying the housekeeping bills of Europe" or Powell referred to as "helping the Governments of Europe to spread the load of buying peasant votes".<sup>2</sup> Several M.P's made it known that they could not vote for entry unless satisfactory arrangements were found for Commonwealth sugar producers, who faced losses of up to 90% of export earnings and 40% of employment on British entry to the EC ; Rippon considered it essential to gain the producers' endorsement and returned to the negotiations to ask for improved terms when this looked uncertain.<sup>3</sup> New Zealand also emerged as a matter of conscience. The "kith and kin" argument was underlined by a strong sense of obligation for wartime contributions. Former Conservative Minister, Duncan Sandys, phoned Pompidou to warn him that he must take his decision on New Zealand in the knowledge that several Conservatives

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1. See above PP 21.

2. The Sunday Telegraph, 17 January 1971.

3. Kitzinger, op cit, 1973, PP 128-36.

would vote against any solution they considered  
1 dishonourable. New Zealand's Deputy Prime Minister, John Marshall, decamped in London and Brussels during the final stages of the negotiations. Royle recalls that "he knew he had a constituency and made the most of it, stirring up  
2 Conservative M.P's through backbench committees". He too was able to insist that Rippon should return to the negotiations after the British team considered it had obtained a good settlement. Finally, although not formally part of the negotiations, 21 Conservative seats were exposed to the  
3 discussion of a Fishing Policy with the Six.

Second, actors can allow their interpretations of long-term interests to be coloured by what cognitive theorists call an "evoked set" of transient preoccupations. Assessments are distorted by a shortening of time frames, a narrowing of issues in terms of which costs and benefits are judged and a psychological resistance to moves that involve immediate inconvenience. The immediate contexts of British politics were not propitious to bargaining about the assumption of the static costs of EC entry. Just as many looked forward to the resumption of growth after three years of economic pain to cure an external deficit, the EC seemed to threaten to plunge Britain back into the red by

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1. Interview with Edward Heath, December 1988.

2. Interview with Anthony Royle, January 1989.

3. " European Trends", The Economist Intelligence Unit, May 1971, P 30.

asking it to make net contributions to its budget. British consumers felt that EC entry would put them back on a treadmill. The analysis of polling data on page 276 will show that a majority of the British public accepted the argument that EC entry would leave them better off in ten years time. However, overall approval ratings were correlated not with long-range optimism but with perceptions that the immediate effect of membership would be to interrupt any improvement <sup>277</sup> in living standards.<sup>1</sup>

Third, it was often belief in Britain's overall interest in EC entry that was abandoned when adjustment costs were predicted as the former were ambiguous, contested and long-term in contrast to the certainty, concreteness and immediacy of the latter. Because decision-makers tend to "satisfice", baulking at a decision if it causes excessive problems in terms of one variable, cognitivists predict that they easily slip into inertia: the belief that a move that is generally considered necessary can always be postponed until it becomes less problematic. Grounds can often be found for believing that bargaining partners will prove more flexible, or even come round to one's own point of view, with time and that muddling through will do in the interim. In 1966, the then Cabinet Secretary, Lord Trend, advised the government that Britain should "stand on the threshold and wait" if negotiations failed at first.<sup>2</sup>

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1. Kitzinger, op cit, 1973, PP 353-4.

2. Ponting, op cit, P 211.

Accounts of opinions in the outgoing Labour cabinet of 1970 reveal how easy it was to slip into the argument that there was no immediate necessity for entry. Crossman recalls that:

" Wilson and Stewart are ardent Marketeers now, more than Jenkins, who as Chancellor, sees the real difficulties and is certainly prepared to postpone" 1.

Both Defence Secretary, Dennis Healey, and Technology Minister, Tony Benn, had, at various stages, advanced arguments for entry. However, Healey's response to the 1970 White Paper was to point out that EC entry might not be an urgent need if it confronted Britain with difficulties; other EFTA members had grown as fast as the Six without being members of the EC and the " political benefits should not be exaggerated", as Europe would be compelled to include Britain in some closer defence and foreign policy <sup>2</sup> collaboration whatever happened. Similarly, Benn's reaction to the Soames affair was that:

" Britain should be relaxed about its European relations.. we had NATO and technological relations.. good relations with EFTA, developing trade and industrial links with the Six". 3 Others believed that Britain could use its improved balance of payments to resume a higher rate of growth, rather than pay an entry fee to the EC. It could achieve the same effect as dismantling tariffs with the Six by devaluing the pound. The Six would be forced to reform the CAP themselves without Britain's net contributions to save the policy from mounting costs and without the addition of one of the

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1. Crossman, op cit, P 710.

2. Castle, op cit P 759.

3. Benn, op cit, P 150.

world's largest food importers to save it from an incipient crisis of over-production.

In fact, even Heath's initial rhetoric suggested that Britain could delay entry if need be. Moreover, this seems to have been more than a case of not going into negotiations without sending signals to other Governments that one has alternative options. In February 1972, he confessed that there had been a few months after June 1970 when he had considered Britain's problems easily reversible.<sup>1</sup> Indeed, at a press conference in December 1970, he had suggested that the decline of British international influence since 1964 was not endemic, but the product of the mishandling of foreign policy by the Labour Government.<sup>2</sup> The extent to which members of Heath's Cabinet might have wanted to delay in the event of problematic terms was never fully tested, but evidence has been presented of their openness to doubt.<sup>3</sup>

British official opinion also showed greater propensity to fluctuating judgement than was obvious from public statements. In 1960, the Treasury had taken the lead in proposing entry. By 1966, Permanent Secretary, Sir William Armstrong, gave a presentation to a cabinet seminar, in which he judged that entry was no longer feasible without several years devoted to turning round Britain's economy;

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1. Hansard, Col 751, 17 February 1972.

2. Watt and Mayall, op cit, 1971, P 762.

3. See above PP 166-7 & 195.

otherwise, no transitional measures could stem a capital <sup>1</sup> outflow in anticipation of entry. Lord Greenhill recalls that by Heath's time, the new Permanent Secretary, Sir Douglas Allen, was a "lukewarm European who felt that British industry was so uncompetitive it would not know what <sup>2</sup> had hit it". Allen himself admits that he did not "see eye <sup>3</sup> to eye with Heath on all the virtues of EC entry". In the mid 1960's, the Ministry of Technology had similarly been enthusiastic for entry and its use to create a new "technological community". By 1969, Permanent Secretary Sir Otto Clarke felt that "The Balance of Payments problems were too great" and it was necessary to look again at the <sup>4</sup> US/UK link.

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Cognitive theory illuminates many features of the eventual convergence, as well as revealing how divergence might have occurred along the way. Five factors promoted favourable cognitive dynamics: the effects on perceptions of i) i) ensnaring processes: ii) skillful negotiating: iii) fortuitous developments: iv) deadlines and v) room for ambiguity in any settlement.

The converse of negotiations degenerating into a competition

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1. Crossman, op cit, PP 259-60.
2. Interview with Lord Greenhill, January 1989.
3. Interview with Sir Douglas Allen, "The Seventies".
4. Benn, op cit, P 194.

to emerge as the perceived winner is that interlocutors may up-grade their perceptions of pay-offs and screen out problems as they become increasingly committed to the success of the talks. They become psychologically involved in a process and reluctant that it should miscarry after a sunk investment of time, resources and personal political credibility.<sup>1</sup> So long as the negotiations did not slip irredeemably into any of the above negative dynamics, they may have become increasingly resistant to the dangers of breakdown.

The idea that it would be possible to establish the terms on which British entry might occur and only then make an evaluation had always been something of a myth; it ignored the extent to which politicians initiate processes which overtake their perceived freedom of decision. By October 1971, Home was telling the House of Commons that "if we were to reject the invitation to join now, we must ask ourselves how our reputation for reliable dealing would be looked upon in Europe and the world; with what authority would any Government negotiate overseas ?"<sup>2</sup> Up to February 1971, press analysis of public perceptions was that Heath had preserved sufficient distance from the negotiations for the Government to retain the option of refusing terms.<sup>3</sup> However, there were

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1. Edmead, "Changes in Perception during the Course of Conflict" in Jonsen, op cit, PP 158-75.

1. Hansard, 20 October 1971, Col 914.
2. The Observer, 31 January 1971.

signs of waning enthusiasm for British membership in Germany in particular as British public support fell below 20%, a wave of strikes was taken to be suggestive of poor adaptation to modern industrial culture and the collapse of Rolls Royce highlighted Britain's precarious international competitiveness. It seemed that Britain might become politically obstructive and economically dependent.<sup>1</sup> To sustain the confidence of its supporters amongst the Six, the British Government decided by mid February 1971 to risk its own governing credibility by abandoning non-committal rhetoric for a full-blooded campaign of public persuasion to present EC entry as necessary to Britain's international influence and economic future. By the summer, press comment held that the EC was both the Government's principal foreign and domestic policy; it could not allow entry to fail.

Pompidou had also attempted to retain his manoeuvre. Nevertheless, by spring 1971, Pompidou's position is well summed up by the advice he took from Jobert:

" If it is in our interest to have a European crisis and if you are able to cope with it in terms of the domestic programme, then you must discourage Soames" 2.

In theory, France had only committed itself to open negotiations in exchange for the automatic CAP financing mechanism. However, the greater the efforts invested in the talks , the more the Five considered France to be bound in

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1. The Times, 4 March 1971, covers opinions expressed in Frankfurter Rückschau and Stuttgarter Zeitung.

2. Jobert, op cit, P 183.

good faith to reciprocate for automatic financing with enlargement. By April 1971 Dutch Foreign Minister, Joseph Luns, warned Pompidou that, whatever the eventual decision on enlargement, it was important that the Six should agree that it had been justly arrived at, otherwise European co-operation would <sup>1</sup> whether in an atmosphere of sullen discontent.

Pompidou also had a personal reason for avoiding EC crises. On the retirement of De Gaulle, it was unclear whether concentration of French political authority in the Presidency was unique to De Gaulle or a structural feature of the constitution of the Fifth Republic. Pompidou expected the Assembly and his ministers to make a bid for a more extensive role in policy. <sup>2</sup> However, the collapse of De Gaulle's global diplomacy meant that Pompidou had to look to a creative EC policy if he was to use his international standing to shore up his domestic position. A primary advantage to Heath of switching the real denouement of entry talks from Brussels to Paris was that Pompidou became more implicated in any failure, while being offered the opportunity to present British entry as a specifically French, and Presidential, act of statecraft. Indeed, one that would put Pompidou at the culmination of a far-sighted Gaullist policy to exclude Britain from the EC until it had adjusted its foreign policy assumptions to the ways of the

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1. Guardian, 2 April 1971.

2. Roussel, op cit, PP 343-50.

Community.

In spite of above failures to understand how moves might feed into the perceptual dynamics of negotiating partners, there were many important instances of skilled handling, implying, in some cases, a grasp of the importance of perceptions and processes in a context of ambiguity. Heath's decision, <sup>1</sup> against Foreign Office advice, to approach entry through a bilateral relationship with France, turned out well. While not losing the willingness of the Five to support Britain's negotiating positions on their own initiative, Heath's whole approach to the negotiations played skillfully to France's main incentive for British entry: confidence in the possibility of Anglo-French co-operation as a counter-balance to Germany was restored, despite years of antipathy and a pervasive perception that reflexes of co-operation between officials in London and Paris would need much time to catch up with those between Paris and Bonn, or even Bonn and London.

Likewise, the Five chose their linkage well in establishing a relationship between automatic financing of the CAP and enlargement. Any hitch in the implementation of the former could have caused serious problems for the CAP with the result that French agricultural interests faced the same risks with or without enlargement. Indeed, the Five showed flexibility in allowing the benefits of entry to be

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1. Interview with Lord Greenhill, January 1989.

concentrated on France, as they knew that was where it could meet its principal resistance. The British Treasury calculated that if Britain contributed an extra 750 million units net to the budget, the French Government would save 735 million units.<sup>1</sup> At one point, the German and Italian Foreign Ministers were so eager to reconcile British and French positions that they suggested London should be loaned the funds to allow France to benefit from a quick phasing in of British contributions to the budget.<sup>2</sup> The central compromise in the settlement of a low starting point for Britain's budgetary contributions in exchange for immediate adoption of Community preference in candidate countries was peculiarly geared to French circumstances, as French agriculture was closest to over-production.

However, fortuitous developments also had a favourable impact on the evolution of perceptions. As the CAP worked by making up the difference between market prices and "support prices", a jump in world food prices during 1971 had two important effects; it decreased the extra costs to Britain of switching from buying in the cheapest world markets to importing food from Europe; it cut the costs of the CAP to the benefit of those who expected to be net contributors

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1. Documentation Francaise, NED 3882-3, op cit, Chapter 2.

2. The Guardian, 13 February 1971.

under the EC budget. The result of this was that, when the final terms came to be considered in British bureaucratic and domestic politics, it was against the background of what were to prove the most favourable projections during the whole of the 1970's for the final costs of British membership.<sup>1</sup>

It was seen above how the linkage between deepening and enlargement had had uneasy implications for the likely success of the negotiations. However, from the end of 1970 the overall equation improved markedly. Where Pompidou had partly sought monetary union to ensure that British entry did not prevent the EC from acting as a bloc in international economic affairs, he now sought enlargement to protect France from unwanted forms of monetary union. Haig Simonian argues that Pompidou "began a rearguard action against the Werner Report" (November 1970), which implied an eventually supranational monetary union. However, Germany favoured the Werner approach and the possibility that it could dictate the terms of a monetary union to an EC of the Six was raised just before the Paris summit in May 1971 when Brandt decided to allow the mark to float upwards. Not only was this the decision that caused least trouble to the US and most to France, it was also the move most likely to turn the EC into a Deutschmark zone; to protect their own parities against a rising mark, other members of the EC would have to shadow German monetary

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1. Sam Brittan, The Financial Times, 24 June 1971.

policy. As Simonian concludes, Pompidou reacted by "<sup>1</sup> accelerating rapprochement with London".

While British antis were even more determined to associate monetary union with loss of sovereignty after Werner, the bargaining between France and Germany proceeded in a way that allowed the Heath Government to sway the undecided centre of its own party with the arguments that i) there was clearly going to be some European monetary initiative, and ii) it would be better for Britain to participate in defining the terms; an Anglo/French alignment could restrain the supranationalists , while an Anglo/German alignment could prevent a closed form of monetary integration at the expense of non EC countries.

Brecher shows that, once a basic dispositon to settle has taken root, the urgency of deadlines can often aid the <sup>2</sup> final adjustments in actor perceptions needed for agreement. Under such conditions, actors take a progressively simpler view of the problems under discussion, allowing anxieties that previously dominated their thinking to slip from focus. The goal of reaching some solution within the time allotted becomes superordinate. A key development in the convergence between British and EC Governments may, therefore, have been Heath's success in convincing the latter that unless a solution was reached by June 1971 the negotiations could

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1. Simonian, op cit, PP 90 & 105.

2. Brecher, op cit, PP 551-2.

fail not on substance, but through a "misjudgement of timing".<sup>1</sup> If Britain was to enter by January 1973, legislation would have to be prepared for early in the 1971-2 parliamentary session. Postponement until the 1972-3 session would not only put entry back until 1974, but could lead to failure altogether. The position of the Labour pros was deteriorating and their ability to vote with the Government would only decline further in the second half of a parliament torn by domestic controversy over unemployment, inflation, strikes and trade union law. The lesson of the 1961-3 negotiations seemed to be that there were also limits to the time that the Conservative parliamentary party was prepared to exist under the psychological strain of a foreign policy negotiation about which it was itself divided.

The role of deadlines in producing solutions that the protagonists may well have previously thought unsatisfactory can be seen in conjunction with the point that convergence will be aided where i) some issues can be settled by solutions that are "cognitively suggestive" to all parties and ii) the remainder leave room for everyone to be satisfied with ambiguity. Schelling argues that parties to a negotiation rarely find it easy to break out of their separate interpretations of what is a correct solution.<sup>2</sup> It is, therefore, almost with relief that they find "focal

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1. The Guardian, 10 April 1971.

2. Schelling, op cit P 57.,

points" in the environment that can "settle the argument". Thus Heath and Pompidou agreed that Britain's initial contribution should be in the region of the Commission's estimate of the 7% of the budget needed to pay the costs of Britain's admission. Similarly, the discussions on sugar always seemed to return to the happy coincidence that the Commonwealth Sugar Agreement and the Yaounde agreement were both due for renewal in 1974.

Otherwise, there were few points that were decisively settled, although, as late as April 1971, the French Prime Minister had spoke of "dangers of allowing ambiguities to persist as the political and economic map of Europe is <sup>1</sup> redrawn". Most of the terms were, in reality, postponements, or agreements on which the British and French Governments had some scope to place different interpretations. The Guardian commented as follows:

" it had been expected that the conclusion of the negotiation would introduce more calculability, but, as the first terms emerge, it becomes apparent that it is still down to trusting one's prospective partners". 2.

At first sight, the French Government obtained the equal transition periods that it had considered necessary to meet the Harmel principles: if Britain wanted industrial free trade within five years, it could only expect concessions on the budget, New Zealand etc of the same duration. But,

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1. The Guardian, 21 April 1971.
2. The Guardian, 14 May 1971.

although Britain accepted that it could be formally liable to the full budgetary contributions after five years, it was able to represent the terms at home as affording seven years of protection, as a corrective mechanism would apply for a further two years against contributions increasing too quickly. Also on the budget, the French Government could claim success in avoiding a formal review clause, but the British noted that they had read a statement into the negotiating record without objection from the Six to the effect that "unacceptable situations would be corrected, should they arise". Although both industrial free trade and agricultural protection would be complete by the end of five years, Britain was able to claim a success in the key aim of phasing in dynamic industrial opportunities before static agricultural costs by "front-loading" tariff disarmament towards the beginning of the transition period.

The Six only received a statement of intent from Britain on the liquidation of the pound balances. Although Pompidou was given more concrete assurances by Heath, even these were qualified by the need for successful talks with several other parties. Where the French Government was able to claim that Commonwealth sugar and New Zealand Dairy producers would have no assured rights of access to the EC beyond 1974 and 1977 respectively, the British Government argued that it had firm understandings that concessions to New Zealand would be continued so long as world markets inhibited diversification away from exports to Britain, while the

sugar producers would be taken care of under the Community arrangement of their choice. A concession to ground-nut producers in the Francophone zone was deftly included in the settlement so that the British Government would be able to show Parliament that it had some means of retaliation if Commonwealth producers were inadequately protected.

Before concluding, it is useful to ask whether the Heath Government could have better adapted Britain's interests to membership at the point of entry. Attempts have been made to claim that later problems of heavy net contributions to the EC budget derived from a failure to attain sound terms in 1970-1.<sup>1</sup> But such critiques suffer from two flaws. First, they are conditioned by retrospection. Independent contemporary judgements put the "Heath terms" at the better end of expectations.<sup>2</sup> The Treasury commented that problems could develop by the end of the 1970's, but it accepted that this left time to develop new policies that would be advantageous to Britain and that prospective partners had understood the need for these in soundings parallel to the entry talks.<sup>3</sup> The Heath Government could not have predicted the recession after 1974, which made it harder to negotiate a new distributive pattern in EC policies in time for the full application of the budgetary mechanism between 1978 and

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1. Martin Holmes, "The Case against Revisionism", Contemporary Record, pp 26-7, November 1989.

2. Sam Brittan, The Financial Times, 24 June 1971.

3. Interview with Lord Armstrong, January 1989.

1980. In this connection, the Wilson renegotiation may have worsened Britain's position; in exchange for a corrective mechanism that was unlikely ever to be very helpful, it <sup>1</sup> created a feeling that Britain had had its second chance and it dissipated the understandings with partner governments on which Heath would have preferred to rely to protect Britain from "unacceptable situations".

Secondly, negotiating strategies appropriate to making once-off deals are very different to those required for entry to a continuing relationship with an existing association. Lindberg and Scheingold have shown that the costs of renegotiating a whole complex of deals make it hard for <sup>2</sup> established groupings to undergo "systems transformation"; together with the cognitive analysis above, it would, therefore, seem that the Heath Government was correct to stick to the position that Britain would only seek to negotiate terms of transition to the *acquis communautaire* and not the content of the latter. This also had the advantage of keeping Britain within the normative order of European co-operation, increasing its own claims to reciprocal understanding if EC arrangements should prove problematic to its interests and cementing its reputation as a reliable partner in a system in which the ability to make profitable deals often depends on mutual confidence rather

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1. For further evidence on Britain's continuing budgetary problem see Swann, op cit, PP 48-9 and 85-8 and Taylor, op cit, PP 231-65.

2. Lindberg and Scheingold, op cit, 221-49.

than centralised enforcement.

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There was clearly scope for the following parallel processes to end up in different places, as a result of the negotiations: i) interaction to create new EC policy structures, ii) adjustment of the intersubjective features of the EC to an enlarged partnership, iii) learning about the goals and perceptions of actors that would make up the new EC and iv) discussion of the modes of adaptation to existing arrangements. To conclude, it is useful to follow through the claim that the cognitive/critical approach allows the character and not just the fact of foreign policy change to be presented as a variable with a brief overview of where the 1970-1 negotiations left some of the structures and assumptions of European co-operation : how did the process of British adaptation to the EC change some of the very contexts to which British foreign policy was adapting ?

The negotiations for EC enlargement spurred the reappraisal of European structures but with varying degrees of helpfulness. Although the bid for monetary union was partly motivated by expectation of British membership, the negotiating dynamics involved in UK entry contributed to the stalemate that was to afflict EMU until its demise in 1973. Consensus was not created around British entry on the basis of the Commission's advice that members and applicants should attempt to work out a common view on EMU in parallel with the negotiations; on the contrary, entry/enlargement

became more attractive to Britain, France and Germany, precisely because it offered greater hopes to each of blocking the preferred international monetary policies of the others. Paradoxically, US actors were impressed the relationship of monetary union to enlargement thus ensuring that the birth of the new EC would be complicated by a transatlantic context more challenging to European integration and its interests in the international economy than had been the case in the 1950's.

A happier relationship was, however, established between the development of foreign policy co-operation and enlargement. The decision to include Britain and the other candidates in consultations with the EPC process from November 1970 may have been of great importance. Britain was anxious to please the Six as the entry negotiations were still in play. The results of the first liaison meeting were thus greeted with enthusiasm on all sides. On the one hand, added confidence that the prospective partners of the enlarged EC could form a foreign policy identity contributed to the incentive of all to ensure that entry negotiations succeeded. On the other hand, EPC got off to a more consensual start, and with a clearer reputation for success that was to feed upon itself than might have been the case if it had not started in the context of the negotiations and of Heath's strategy of seeking entry through an Anglo/French bilateral

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1. Kissinger, op cit, 1979, P 949-68.

understanding in particular. From Schumann's visit to London in July 1970 onwards, there were several instances of Anglo/French attempts to reach similar positions across the range of contemporary foreign policy issues.

By contrast, two elements of structural change that might have been caught up in the politics of entry slipped from view during the talks. Heath was unable to begin a process of Anglo-French nuclear co-operation in parallel with the development of the EC.<sup>1</sup> Not only were there formidable technical difficulties here, Sir Frank Cooper, later Permanent Secretary at the Ministry of Defence, recalls that the option never got beyond loose discussions between Heath, Pompidou and Nixon. The M.O.D. was not called upon to make detailed operational appraisals of options: in spite of his personal beliefs, Heath was unable to begin the integration of Britain's security planning to its new EC relationship.<sup>2</sup>

Apart from the strictly inter-governmental procedures for EPC, the prospective partners of the enlarged EC also made little progress towards an agreed view on the further institutional development of the Community. It will be seen in chapter 7 that even Heath and Pompidou were further apart on institutions than the latter believed to be the case at

1. For two contemporary assessments see Andrew Pierre, The British Experience with an Independent Nuclear Force, Macmillan, London, 1972 and Ian Smart, Future Conditional: The Prospect for Anglo-French Nuclear Co-operation, Adelphi Papers No 78, IISS, London, 1968

2. Interview with Sir Frank Cooper, March 1989.

the Paris summit. This was in spite of the Commission's warning that enlargement and deepening could not occur without improving institutions that were cumbersome even for <sup>1</sup> the limited membership and functions of the old EC.

Amongst the prospective EC partners themselves, decision-making theory allows a key question to be asked as to whether the negotiations produced intersubjective structures and actor learning in a) the rationalistic style or b) the cognitive style ? A rationalistic ideal might be that parties to a continuing relationship should converge after their initial negotiations around intersubjective structures that are identically understood and which prepare partners for the trade-offs needed to make the new grouping work. However, cognitive theory alerts us to the possibility of convergence taking place between a series of actors all afflicted by conceptual deficiencies. The simplification of perceptions under the pressure of deadlines, the tendency for actors to reach decisions without abandoning their disparate belief systems by screening out dissonances, exaggerating consistencies and postponing disagreements can leave many conflicting assumptions to be resolved after the foreign policy change. All of these features have been seen to have been present in the case of the negotiation of British entry and chapter 7 will have to return to the point of whether the talks of 1970-1 left a serious element of inchoateness at the heart of the new relationship between the UK and its EC partners.

## CHAPTER 5: SMALLER FISH TO FRY ? THE DOMESTIC POLITICAL GAME AND EC ENTRY.

At first sight, EC entry was pushed through with little regard for domestic constraint. However, the next two chapters will continue to apply the combination of critical and cognitive analysis to show how both the fact and character of Britain's foreign policy change were closely conditioned by the domestic politics of 1970-2. British foreign policy has been conventionally analysed as an elite activity that is well insulated from domestic politics.<sup>1</sup> However, this view reflects an excessive concentration on formal institutional processes to the exclusion of models of the domestic political game and considerations of political culture, both of which reveal more subtle cross-sensitivities with British foreign policy-making.

Jim Bulpitt, argues that British Governments have to develop their foreign policies as part of a domestic political game between the parties to attain four related objectives: projection of a superior air of governing competence, coherent party management, discovery of a winning electoral strategy, and the creation of a series of presumptions that the policies they favour reflect some basic intellectual soundness without alternatives. By contrast to formal

1. Models of British Foreign Policy-making are surveyed in J. Barber, Who Makes British Foreign Policy?, Open University, Milton Keynes, 1976. D. Vital, The Making of British Foreign Policy, Allen & Unwin, London, 1968. W. Wallace, op cit, 1976.

insitutional analyses, accounts of the political game can present domestic politics as a highly absorbing context for UK foreign policy makers. The complete exclusion of losing parties from influence, the high probability that power may change hands on the swing of a few votes and a tradition of adversary politics, under which parties are expected to oppose positions adopted by each other,<sup>1</sup> all combine to give British domestic politics a frenetic quality, in which they are said to resemble a continuous election campaign. Parties have to worry about the impact of their handling of each issue, even where the effects on public perceptions are indirect and do not arise from any public interest in the issue itself; for example, a foreign policy may affect perceptions of party unity or consumer feelings of material security.<sup>2</sup>

The principal assumptions that politicians themselves made about the political game in the early 1970's might be summarised as follows. First, Wilson had highlighted the importance, in Britain's apparently non-ideological politics, of being perceived as the competent party of Government. Conservatives feared and Labour hoped that the mantle was currently in the process of being passed between

1. Nevil Johnson, In Search of the Constitution: Reflections on State and Society in Britain, Methuen, London, 1977, PP 63-80.

2. Jim Bulpitt, "Rational Politicians and Conservative Statecraft in the Open Polity" in Peter Byrd (ed), British Foreign Policy Under Thatcher, St Martin's Press, London, 1988, PP 180-203.

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their two parties. Second, parties were increasingly exposed to electoral swings as more voters were "choosing" a party with each new election, instead of relying on habitual  
2 voting or traditional allegiances. Third, when voters made a "choice", they cared about the outlook for personal living standards more than anything else and their perceptions of this were formed by extrapolating recent trends into the  
3 future. Fourth, it was believed that parties were severely punished for disunity. Fifth, it was understood that mistakes had enduring effects on party fortunes as the political happenings of formative years had a continuing  
4 influence on the voting habits of "generational cohorts".

It will now be claimed that at each level of British domestic politics - parties, parliament, interest groups and public opinion- the dynamics of the domestic political game shaped individual political positions and the ways in which the Heath Government and other actors grounded the new relationship in domestic assumptions. Chapter 6 will go on to examine how, in combination with features of Britain's political culture, the position of the domestic political game at "the end of play" in 1972 made certain trajectories in UK/EC development more probable than others.

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1. Rhodes-James, op cit, P 95.

2. See above P 64.

3. Butler and Stokes, op cit, 1969, P 434.

4. Rhodes James, op cit, P 90.

## 1. The Conservative Party.

British Government is party Government. Since the war, the Conservative and Labour Parties had enjoyed a duopoly of the legislature and an alternating monopoly of the executive. The dynamics of intra and inter-party competition help to determine the ways in which an issue of foreign policy is perceived, the sustainability of its political base and even those aspects of the issue that reach the political agenda at all.

If the Conservatives were seen in 1970 as the pro-European party, this was largely due to Heath's deep personal commitment. In the 1964 election, Home had indulged the mood of faint relief that EC entry was not "<sup>1</sup> an issue". When Heath became leader in 1965, he decided on a complete review of party policy, with the exception of the commitment to enter the EC, which was placed off-limits. 29 party groups were established to research options for a Conservative Government, but none of them covered European policy. In the 1967 parliamentary debate on the Labour Government's application to the EC, Heath was personally responsible for imposing the first opposition three line whip in history in support of a Government motion since 1945.

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1. D.E Butler and Anthony King, The British General Election of 1964, Macmillan, London, 1965, P 132.

2. Butler and Pinto-Duschinsky, op cit, 1971, P 67.

But in reality, Heath presided over a party that was deeply ambivalent about EC entry. In February 1971, the whips calculated that 194 Conservative M.P's were in favour, but 71 were doubtful and 62 against. Both pros and antis felt the constituency parties to be hostile until mid 1971.<sup>1</sup> Rather unusually for newly-elected Conservative M.P's, 18 of the new intake of 82 signed an "early day" motion calling for demonstrably un-negotiable terms in the first month of the new parliament.<sup>2</sup> Of 35 motions received for debate at the 1969 Conference, 28 had been opposed to entry. In March 1971, the Conservative Political Centre's network of discussion groups approved entry by only 124 to 79 with 10 absents.<sup>3</sup> Amongst Conservative voters, opponents of entry outnumbered supporters by a massive 49% in a Gallup poll taken in March 1970.<sup>4</sup>

Conservative opposition reflected most kinds of doubt about entry. Some saw the EC as a protectionist combine that disturbed the automatically optimising mechanisms of the international market; they dismissed the argument that interdependence created a need for transnational political management of markets, as just threatening to compound the

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1. Kitzinger, op cit, 1973, PP 158 & 188.

2. The Times, 26 July 1970

3. Gamble, op cit, 1974, P 19.

4. The Daily Telegraph, 29 March 1971.

5. Anthony King, Britain Says Yes, American Institute for Policy Research, Washington D.C., 1977, P 27.

muddles of intra state interference in markets with those of inter-state interference. Others saw the EC as a diversion from the task of preserving post-imperial attachments through the Commonwealth. Prior recalls that Heath's commitment to EC entry would probably have confronted a serious challenge between 1965 and 1970 had it not been for <sup>1</sup> Home's role in reassuring the Commonwealth lobby.

However, the dominant concern was with national sovereignty and identity. Gamble's study of the 1969 Conference concludes that the party was fundamentally split between those who saw EC entry as the last opportunity for Britain to become a modern, successful society and those who regarded it as the point of no return for the "Conservative <sup>2</sup> Nation": the latter concept combined ideas of Britain's proud place in the world with a dislike of outside influences over its domestic policy-making and, above all, with a belief that the ultimate value to be conserved was the national way of life. Hailsham, Lord Chancellor in the Heath Government, had once argued that being Conservative was just another way of being English and that one's "country was the highest of all natural units that command <sup>3</sup> affection". Many Conservatives now found it hard to deal with a change that would at the least make national identity

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1. Interview with James Prior, "The Seventies".

2. Gamble, op cit, 1974, PP 197-200.

3. Ian Gilmour, Inside Right: a study of Conservatism, Quartet, London, 1978, P 105.

more ambiguous : would Britain now become a provisional entity, pending European integration ? Could national pride and ambition be meaningfully attached to such an entity ? Would integrated markets and European policies substitute soulless harmonisation for "national character" ?

To Powell, economic arguments for EC entry were beside the point: " independence, the freedom of a self-governing nation, is in my estimation the highest political good, for which any disadvantage is a cheap price". He argued that unless policies and laws enjoyed an effortless legitimacy, government and society would be thrust into a mutually enervating friction. European publics were prepared to accept the authority of the EC because consensus had never formed around their national institutions; indeed, they were accustomed to them being up-rooted and re-designed. By contrast the sovereignty of Britain's parliament and the robust defence of an autonomous national community were in themselves the ideologies of British society. Powell thus concluded that Britain would not be a compatible partner for the EC states; anyone who valued European integration should not want Britain to join. Conservative antis also rejected the belief that limited goals of membership could be achieved without formal transfers of sovereignty for a view of EC membership as cumulatively entangling or nothing.

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1. The Times, 13 February 1971.

Powell argued that the ceding of sovereignty would be the precondition of " everything solid that the EC has to offer".<sup>1</sup> Edward du Cann, Chairman of the Conservative backbench 1922 Committee, stated that Britain could not accept the " derogation of its parliament to the status of a County Council".<sup>2</sup> Other antis argued that Britain would be substituting " an illiberal and bureaucratic leviathan,<sup>3</sup> obsessed with harmonisation" , just as the complexities and insecurities of modern society required methods of government that were close, comprehensible and familiar.<sup>4</sup> In his broadcast on the success of the negotiations, Heath felt it necessary to mention that that six of the expected ten members of the EC would have monarchies, as some critics had even questioned the continued relevance of the crown in an eventually united Europe.<sup>5</sup>

Table 5 shows an analysis of all pro and anti speeches made over the ten days of debate in the House of Commons in July and October 1971. Two-thirds of Conservative antis were concerned about sovereignty. Amongst voters, only 14% of those generally opposed mentioned sovereignty; but this rose to 75% amongst Conservative identifiers.<sup>6</sup>

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1. The Sunday Telegraph ,17 January 1971.
2. Hansard, 20 October 1971, Cols 933-4
3. Hansard, 20 October 1971, Col 942
4. The Times, 7 May 1971/The Sunday Telegraph, 24 April 1971.
5. Heath, Broadcast, 8 July 1971, RIIA Press Library.
6. Gallup, The Daily Telegraph, 18 October 1971.

TABLE 5 : THEMES MENTIONED BY CATEGORY OVER 10 DAYS DEBATE  
IN HOUSE OF COMMONS, JULY & OCTOBER 1971.

1. CONSERVATIVE PROS

Economic growth.	48.1%
Party political points.	37.5%
Must avoid isolation in world of blocs.	30.7%
Better to change the EC from within.	28.8%
Commonwealth ties would be preserved.	27.9%
No loss of sovereignty on entry.	26.9%
Need for greater British influence in world.	26.0%
European disunity causes wars.	26.0%
Need to strengthen European defence	15.4%
More balanced relationship with US	8.6%

2. CONSERVATIVE ANTIS.

Loss of Sovereignty.	65.8%
Food price rises/attacks on CAP.	34.2%
Importance of global free trade.	23.7%
Damage to Commonwealth.	21.0%
New Zealand betrayed.	13.1%
Sugar Producers betrayed,	13.1%

3. LABOUR PROS.

Higher Economic growth.	50.0%
Improved conditions for Social Democracy.	40.9%
Sovereignty meaningless/interdependence	31.4%
Would help developing world/Commonwealth.	29.5%
Labour would have accepted terms.	29.5%
EC would help peace and detente.	22.7%
Technological collaboration.	18.2%
Control of multinationals.	15.9%

4 LABOUR ANTIS

Balance of payments burden/deflation.	45.4%
Higher food prices/attack CAP.	32.4%
Regional policy constrained in EC.	31.4%
Loss of Sovereignty.	26.9%
Damage to under-developed countries.	26.0%
Low income families would suffer.	25.0%
EC undemocratic/bureaucratic.	22.2%
Dangers of a new superpower/ Eu deterrent.	22.2%
Capitalist club/block to social change.	20.3%
No mandate for entry.	20.3%
New Zealand betrayed.	13.0%
Sugar producers betrayed.	13.0%

METHODOLOGICAL NOTES. The table is based on a survey of 294 speeches: 104 Conservative pro, 38 Conservative anti, 44

Labour pro and 108 Labour anti. As there are limits to the points that can be mentioned in a ten minute speech and M.P's may divide their labours, it is assumed that any theme mentioned by more than around 10% of speakers is significant. It is appreciated that there are methodological problems; for example, public justifications and true motivations may differ. However, a table such as the above has clear advantages in establishing patterns of political thinking over isolated quotations from Hansard.

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However, it was eventually the Labour party that was to split most seriously while the Conservatives rallied to support entry. Although given a free vote in October 1971, Conservative backbench dissent fell to 39 opposed with 2<sup>1</sup> abstentions. Moreover, this was largely an irreducible core of those who were either bitterly opposed to Heath's<sup>2</sup> leadership or so publicly committed to resist entry as to make any change in position embarrassing; 27 had become patrons of an anti-group, known as the Safeguards Committee, by February 1971. In October 1971, the constituencies swung round to give entry an 8:1 majority in the only card vote in the history of the party conference. By April 1972, 42% more Conservative voters approved than disapproved of entry.

Although many Conservatives acquired a strong intellectual belief about the need for entry, many were caught up in a triangle of interacting influences that involved them in little reflection on the nature of EC membership. First, there was Heath's almost reckless determination not to let his party off lightly. At every point of possible hesitation, he raised the risks that the Conservative Party would face from the failure of his European policy. It has been seen how he deliberately relinquished his room to manoeuvre to abort the negotiations because he preferred to shore up the confidence of EC negotiating partners by

1. Philip Norton, Dissension in the House of Commons: 1945-74, Macmillan, London, 1971, PP 397-8.

2. Interview with Anthony Royle, January 1989.

shifting the campaign of domestic persuasion from presenting  
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entry as desirable to necessary. By the summer, it was felt  
that if entry failed, the Government would have lost both  
its main foreign and economic policies; with diminished  
governing credibility it would drift for the remainder of  
its term, disappointing its constituency amongst those who  
had looked to it as a reforming administration committed to  
the reversal of national decline. Heath was helped by the  
fact that a failed EC negotiation had preceded the last  
Conservative fall from power; in party lore, this was a  
parallel to be avoided, as it had contributed to a crisis of  
confidence in Conservative handling of national affairs.

The antis attempted to challenge entry at a meeting of the  
1922 Committee in May 1971. It was billed as the most  
important meeting since Suez and most of the 22 M.P's who  
spoke had some doubts. The antis attempted to swing  
predictions of electoral retribution in their favour with  
grim prognostications of 10-15 years of exclusion from  
2  
Government for the party that took Britain into the EC .  
However, just two days later Heath announced that he would  
take personal charge by meeting Pompidou at the Paris  
summit, thus further diminishing the affordability of  
failure for the reputation of the Conservative Party for  
governing competence. But Heath's most extraordinary gamble

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1. Above P 217.

2. European Trends, The Economist Intelligence Unit,  
No 27, P 31, *May 1971*

was when the second reading of the European Communities Act appeared to be in danger in February 1972. He told <sup>the</sup> Commons that the cabinet had unanimously agreed that, in the event of failure, the present parliament " could not realistically continue" <sup>1</sup>. He thus foreclosed the wishful thinking of some antis that a new Conservative Government might be formed <sup>2</sup> under a different leader and threatened his party with what political textbooks consider the ultimate, but unusable deterrent in the hands of a Prime Minister: that of calling <sup>3</sup> a General Election that his party is unlikely to win.

Heath's party management was, of course, reinforced by the inherent authority of the leadership in the Conservative Party. As McKenzie puts it in his key study of British political parties:

" The most striking feature of the Conservative Party is the enormous power which is concentrated in the hands of the leader..he has the sole responsibility for policy" <sup>4</sup>.

But even this might have been insufficient if it had not been for the nature of inter-party competition in British politics and the need for Conservatives to base their behaviour in part on whatever was happening in the Labour Party. Between 1950 and 1970, the contest between the two main parties had been closely fought with an average winning

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1. Hansard, 17 February 1972, Col 752.

2. The Financial Times, 14 October 1971.

3. John P MacKintosh, The British Cabinet, 3rd edition, Stevens, London, 1977, P 455.

4. R.T. McKenzie, British Political Parties, Heinemann, London, 1967, P 21.

margin of just 3.1% in general elections. However, the  
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British electoral system operated by the so-called cube law:  
if parties won votes in the proportion A:B this would  
translate into seats in the proportion  $A^3: B^2$ <sup>3</sup>. This meant  
not only that power hung on the swing of a very few votes,  
but also that with the loss of just a few more, a party  
could be in deep electoral trouble; Labour came in 107 seats  
behind the Conservatives when it lost by just 5% in 1959 and  
the Conservatives 110 seats behind Labour when they lost by  
7.5% in 1966. If Heath insisted on putting his party on the  
wrong side of the EC issue in terms of substantive  
preferences registered in public opinion polls, it became  
all the more important that the Conservatives should handle  
EC entry more effectively in respect of other aspects of the  
political game: that they should emerge more united and with  
greater credibility as a party of government than Labour.

In many ways the inter-party game play took over from  
substantive debate. The percentage of Commons speeches that  
included some party point scoring rose to 60% amongst  
Conservative front-benchers. Norton has analysed the 21  
Conservative constituency parties which brought some  
pressure on their M.P's. The dominant theme was the need to  
preserve the position of the Conservatives in  
2  
the inter-party competition and not the merits of EC entry.

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1. Finer, op cit, P 61.

2. Philip Norton, Conservative Dissidents, Temple Smith,  
London, 1978, P79.

The sense of Conservative outrage at being left to carry an unpopular policy as a result of Labour's perceived opportunism may have been reflected in polling responses.

Between November 1970 and ~~May~~<sup>1</sup> 1971, the period coeval with the breakthrough in negotiations, the lead of Conservative approvers over disapprovers rose by 19%. But it increased by 29% between June and September, as it became obvious that Labour would oppose entry. Norton suggests- on the basis of interview evidence- that Heath might have reduced backbench dissent over the EC still further if he had observed certain "conventions" in his party management; younger members were disappointed by his formation of a government of only 68 ministers and older members by his <sup>2</sup> contempt for political honours.

Conservatives also warmed to entry as the issue unexpectedly turned to their advantage. In the first poll after Labour's special conference in July 1971, its lead over the Conservatives narrowed from 11% to 5%; the turnaround damaged Labour's credibility more than it won converts from those opposed to the EC; only 18% thought Wilson to have had a <sup>3</sup> convincing reason to change his position. Butler and Kavanagh suggest that Labour's failure to win a single by-election after July 1971 reflected the extent of the loss of credibility it suffered with its splits and about-turns on

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1. King, op cit, P 27.

2. Norton, op cit, 1978, P 236.

3. ORC Poll, The Evening Standard, 6th August 1971.

<sup>1</sup>  
EC entry. By November 1971, 70% saw Labour as disunited and 18% united, against 35% and 49% in the case of the  
<sup>2</sup>  
Conservatives. Conservative Central Office was able to give Heath the up-beat advice that the negotiating breakthrough had added to the Government's standing as an Administration that could obtain results; more than 80% of the public remembered Labour's own application and this would devalue any commitment to take Britain out of the EC; only 2% of Conservatives would even consider switching their vote  
<sup>3</sup>  
because of EC entry. Heath got by because he managed to play the domestic political game to his advantage. Moreover, events had shown that it is often the indirect linkages between foreign and domestic politics that are decisive; in spite of often being on the wrong side of the substantive issue, the Heath Government felt by the end of 1971 that it had negotiated terms that would not affect electoral fortunes by damaging living standards, while it had solved the problems of party management and credibility better than its Labour rivals. However, it will be seen that Heath had only managed to create a stand-off in the Conservative Party; he had used its disciplined party management as a substitute for a bipartisan approach to EC entry, but he had not yet forged a political base to support his own preferences for an ambitious European policy.

1. David Butler and Dennis Kavanagh, The British General Election of February 1974, Macmillan, London, 1974, P 18

2. Gallup series, Vol 105-37, 1970-1, P 200

3. Interview with Edward Heath, December 1988.

## 2. The Labour Party

In the Godkin lectures, Heath had expressed a widely held view that the 1966-70 Parliament would be historically significant for committing both Labour and Conservative to entry.<sup>1</sup> Indeed, the Wilson Government had bid for entry with fewer reservations than Macmillan.<sup>2</sup> However, events had obscured the reality that Labour was probably always divided between opposition, indifference and enthusiasm. Ten days after the 1970 election, former Chairman of the Parliamentary Labour Party (PLP), Manny Shinwell, predicted that Labour would split if the leadership attempted to support the Government on entry: it had been "the biggest swindle of the century to suggest that the three parties were united on entry during the election".<sup>3</sup> Within a month,<sup>4</sup> one in four Labour M.P's had signed a motion of opposition. Crossman had noted a preponderance of indifference and even expedience on the issue while Labour was still in Government. He judged that only four members of the cabinet were likely to oppose reasonable terms, but only between four and seven could be relied upon to resist the temptation to reject terms that carried short-term risk.<sup>5</sup> Kitzinger notes the remarkable fact that the outgoing cabinet had not

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1. Heath, op cit, 1970, P3.

2. Kitzinger, op cit, 1973, P 77.

3. The Times, 29 June 1970

4. The Times, 22 July 1970.

5. Crossman, op cit, 1979, P 730.

discussed the preparation of Britain's negotiating position,<sup>1</sup> although talks were due to open 10 days after the election; Wilson probably intended to reinforce his authority with an election victory and then to strengthen the pros in the Cabinet before proceeding. In the PLP as a whole, one in three backbenchers had voted against or abstained in May 1967, although the vote was later described as a "nine-line whip".<sup>2</sup>

The tilt of the Labour Party towards opposition to entry after 1970 resulted from a struggle by the leadership to deal with inner party dynamics while minimising the damage in terms of earlier accounts of the British political game. It has already been seen how EC entry offered an unusual opportunity to defeat the sitting Government in the House of Commons and on a policy that seemed bitterly unpopular. Many Labour politicians assessed EC entry in terms of the domestic strategy of the sitting government; thus it assumed an altogether different significance as it was taken out of the hands of a Labour administration and placed in the context of what was taken to be an integrated Conservative offensive of unemployment, trade union legislation and greater exposure to international competition. This package was also perceived as intended to weaken the Labour Movement and to do so in ways that a future Labour Government would be unable to reverse, whatever the level of the their

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1. Kitzinger, op cit, 1973, P 292.

2. Hansard, 22nd July 1971, Col 1872.

electoral support. Significantly, some Labour politicians hinted at a deal with the Government to the effect that it should modify its domestic programme if it expected continued bipartisan support for entry.<sup>1</sup>

Bipartisanship was further poisoned by the perception that Heath had snatched power, when the polls had promised a handsome Labour victory, by disingenuous last minute promises to cut inflation "at a stroke". Harold Lever, a Treasury Minister in the outgoing Government, recalls the feeling that Labour had established its credentials as the responsible party of Government by working hard for six years to correct a balance of payments problem inherited from the Conservatives: just as it was ready at last to "launch on a genuinely Social Democratic programme"..<sup>2</sup> it was "robbed of its natural inheritance". The Labour Chief Whip, Bob Mellish, made two attempts to persuade the Liberals to bring down the Government by voting against the Second Reading of the European Communities Bill. When it passed only on the strength of Liberal support, there were bitter scenes in the House of Commons; Mellish accused the Liberals of sustaining a Government with objectionable policies on Rhodesia, Unemployment and strikes. The difficulties of cross-party support for EC entry in the heated, and often

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1. William Rodgers, The Daily Telegraph, 4 February 1971.

2. Interview with Harold Lever, "The Seventies".

3. The Times, 18 February 1972.

bizarre, domestic climate of the time is well illustrated by the story of striking miners attempting to break down the doors of the Palace of Westminster during the debate on the <sup>1</sup> Second Reading. Leading pro-marketeer, Bill Rodgers, recalls how difficult it became to vote with the Government after <sup>2</sup> the passing of the Industrial Relations Act. After voting for the principle of EC entry, Labour pros, with a few critical exceptions, accepted the "Houghton compromise" that the Government should be left to find its own majority for the enabling legislation.

Some Labour politicians may have miscalculated that opposing the Heath terms would provide them with a winning electoral strategy. One deceptive poll suggested that such a step could enable Labour to increase its lead <sup>3</sup> over the Conservatives from 12% to 22%. Some, like Denis Healey, calculated that Heath would succeed in taking Britain into the EC, but that it was better for Labour if the Conservatives were seen to have exclusive <sup>4</sup> responsibility for an unpopular policy. However, most Labour leaders knew that their task would be fundamentally defensive: to contain the damage to their position in the political game from party fragmentation.

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1. David Watt, The Financial Times, 18 February 1972.
2. Interview with William Rodgers, "The Seventies".
3. Gallup, The Daily Telegraph, 21 May 1971.
4. Benn, op cit, P 325.

As a party that had developed outside parliament, Labour had never conclusively resolved the location of the sovereign right to define policy.<sup>1</sup> Its conference, at which the trade unions had 89% of the vote and constituencies 11% in 1971, had a right to define the party's programme. However, the PLP leadership had long asserted its discretion to adopt positions on its own, on the grounds that it had to project an appeal to the nation as a whole and respond to changing circumstances when in Government. For most of the previous fifty years, "a bond of confidence between parliamentary leaders and a sufficient number of leading trade unionists" had allowed the party to operate despite the conflicts<sup>2</sup> between these two principles.

However, by 1968, the Transport and Steel unions, which alone held 30% of the vote at the party conference, came under leaderships determined to end deference to the PLP and to assert their own rights to define Labour policy. While still in Government, Wilson attempted to deal with this by simply ignoring the mounting record of defeat by his own conference.<sup>3</sup> The frustration this caused fused with a growing left-wing belief that Labour Governments would tend to betray socialism unless the powers of conference were reasserted and a union insecurity that the PLP

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1. Richard Rose, The Problem of Party Government, Penguin, London, 1974, P 262.

2. McKenzie, op cit, P 640.

3. Lew Minkin, The Labour Conference, Allen Lane, London, 1978, P 293.

leadership could not be trusted after the failed industrial relations reform of 1969; indeed, from one point of view it was the PLP leadership which had departed from the understanding that it would define Labour policy, while <sup>1</sup> industrial politics were left to the union leaders.

In such circumstances, loss of power became particularly dangerous for Labour, as opposition is the time in any party for factions to wage their suppressed conflicts for power, jurisdiction and ideas in order to structure the character of any future government. The PLP swung to the left with the membership of the Tribune group increasing from 40 to 69 after the election. This group in alliance with those newly radicalised unions gained what Sam Finer has called an "unprecedented grip" on the extra - parliamentary party institutions : a clear majority at Conference and an ability <sup>2</sup> to stalemate the National Executive. Not only did they feel themselves not to be bound by the European policy of the previous Labour Government, they were determined to use the issue to assert the right of conference to make Labour policy. On 3 March 1971, Michael Stewart wrote to Le Figaro arguing that the Six need have no fear of Labour's commitment to Europe as its spokesmen had accepted the *acquis* on numerous occasions. On March 6th 1971, Ian Mikardo, Chairman of the conference for that year, replied to Le Figaro that the party's policy would not be

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1. Minkin, op cit, P 298

2. Finer, op cit, P 113.

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made until the conference had made its decision. At this point, the PLP could in theory have asserted its right to self-management. Indeed, pros were to criticise Wilson for not laying down the law that Labour remained committed to entry at the start of the Parliament.

However, Wilson held to what was known as the Attlee, as opposed to the Gaitskell, approach to party leadership.<sup>2</sup> Believing that Labour had a natural majority on which it had only failed to capitalise because of disunity or failure to project a sufficient air of governing competence, Wilson tried to avoid the sharp differences of principle on which everyone disagreed; he struggled for formulae which continuously postponed a final decision on the EC so that representatives of all parts of the Labour coalition would be prepared to remain in the leadership to fight for their preferred positions. The pros had to be retained in the leadership as their public stature was essential to claims that Labour was a skilled party of Government. A third of his front bench was to defy the party whip to vote for EC entry and it was noted that, if Wilson allowed a rigidly anti EC position to become a part of Labour's election platform, he might have difficulty in assembling a

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1. Letters in Le Figaro, 3 and 6 March 1971.

2. Vernon Bogdanor, "The Labour Party in Opposition: 1951-64 in Vernon Bogdanor and Robert Skidelsky, eds, The Age of Affluence: 1951-1964, Penguin, London, 1970, PP 85 & 104.

3. Uwe Kitzinger, The Observer, 31 October 1971.

cabinet which included some of the party's most familiar  
<sup>1</sup> faces. On the other hand, Wilson did not want a break with conference, as public rows at conferences had been seen as responsible for defeats between 1951 and 1964; indeed, as industrial relations worsened, he sought to offer Labour's relationship with the unions as a distinctive feature of its electoral appeal.

The pros soon lost any majority in the PLP as the centre calculated that any balancing formula on the EC would have to satisfy the extra-parliamentary party. At the 1970 conference, a TGWU motion hostile to the EC had only failed by 3, 045, 000 to 2,950, 000, from which moment it was widely expected that the 1971 conference would vote against entry. As the conference approached, Wilson felt he would be personally threatened if he did not move to pre-empt a slide into full opposition to entry. Callaghan, who was as favoured by union opinion as Wilson was mistrusted after the aborted industrial relations reforms of 1969, began to force the pace in May 1971, urging that the party should come out against the Heath terms; he allegedly advised journalists to cover the speech if they wanted to hear the views of the <sup>2</sup> next Labour leader. On the other hand, Lever recalls Wilson's assumption that if he supported entry, his only friends in the party would be the pros, who would then choose some future opportunity to dump him, leaving

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1. Peter Jenkins, The Guardian, 13 October 1971.

2. Kitzinger, op cit, 1973, P 300

the way open for a Jenkins bid for the leadership.

Indeed, Wilson knew that the factional struggle within his own party was potentially unstable in that both left and right had reason to fear the use to which the other might put the EC issue, unless it moved pre-emptively to protect its position. During the Gaitskell period, many who were now pros, had argued that Labour could only survive with an approach to Social Democracy suited to a post-industrialised and not a newly industrialising society, but conference would always inhibit this; the PLP should, therefore, break links with the extra parliamentary party, on which it was no longer dependent to mobilise votes in an age of mass media.<sup>2</sup>

Reflecting in his diary in May 1971 on the ways in which the right could use the EC issue, Benn wrote:

"The pros see an opportunity to do what they failed to do over disarmament and clause 4 and purge it of its trade unions and the left"<sup>3</sup>.

For their part, the pros felt entrapped. On the one hand, they felt they would be publicly discredited if they did not make a principled stand for entry. On the other, they knew that they would be labelled with supporting a Conservative Government, showing elitist contempt for conference etc. Given the definition of original sin in Labour folklore, perhaps the unkindest quip of all after the October 1971

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1. Interview with Harold Lever, "The Seventies".

2. Minkin, op cit, PP 276-7.

3. Benn, op cit, P 345.

vote on EC entry was that at least Ramsay MacDonald had had  
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the decency to join with the Conservatives.

Wilson concluded that he could only avoid a fatal split if he premised Labour's European policy on seeing the party back to power without any definite commitment for or against entry in principle; in Government, the matter could be settled with greater reserves of unity and authority; indeed, with greater control over the detail, various viewpoints would be more easily accommodated. Although Peter Jenkins remarked that the history of Labour and the EC was an example of how foreign policy can end up by being defined  
2  
by those with "smaller fish to fry", there are suggestions that Wilson never entirely lost sight of the perception that, on return to Government, Labour would have to form some credible relationship with its nearest European neighbours and would have to protect international perceptions of the steadiness and reliability of British  
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foreign policy.

In October 1971, he persuaded conference to limit its opposition to the Heath terms, although Thomson, who had prepared Labour's own negotiating position in 1970, testified that the terms were at the better end of expectations. Wilson later announced that if EC partners did

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1. The Sunday Times, 31 October 1971.

2. Peter Jenkins, The Guardian, 15 February 1971.

3. The Guardian, 4 November 1971.

not accept a re-negotiation, a Labour Government would bring  
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EC institutions to a halt as De Gaulle had in 1965. A party  
truce held around this position until March 1972, when in  
the absence of Wilson, Callaghan and Jenkins, Benn pushed a  
2  
motion through the NEC committing Labour to a referendum on  
the EC, Labour opinion having been outraged by Pompidou's  
decision to give the French an opportunity denied to the  
British public to vote on UK entry. The shadow cabinet  
endorsed the decision, although only four of its members had  
supported it just two weeks earlier. The immediate result  
was to re-open Labour divisions as Jenkins resigned as  
Deputy leader and Lever and Thomson left the shadow cabinet.  
However, the long-term effect was more paradoxical; with the  
expectation that Britain would vote to withdraw, reinforced  
3  
in November 1972 when Norway voted against entry, it seemed  
pointlessly divisive for many of the natural supporters of a  
principled rejection of entry to resist Wilson's attempts to  
avoid such a commitment. At the 1972 conference, the TGWU  
refused to support the engineers' demand for outright  
withdrawal; indeed, the unions' stake in finessing the EC  
issue to ensure the return of a Labour Government was  
increased by the completion of a party programme that would  
give them extensive involvement in economic and social  
decision-making. Nonetheless, Wilson's room for manoeuvre  
almost disappeared as the antis moved during 1973 to specify

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1. The Times, 29 October 1971.
2. Kitzinger, op cit, 1973, P 391.
3. Benn, op cit, P 451.

the terms that a Labour re-negotiation should demand. In June 1973, the NEC defined these as the effective suspension of the CAP in favour of low cost food imports, equitable budget contributions between members, the retention of power by the British parliament over regional, industrial and fiscal policies and the abandonment of EMU for global solutions to international monetary questions. Indeed, Wilson still had to threaten<sup>1</sup> to resign the day before the 1973 conference to prevent the NEC recommending outright withdrawal and it was again only with TGWU help that such a motion was rejected by 3,316, 000 to 2, 800, 000.

However, debates within the Labour Party crystallised some important conceptual differences that would be part of the domestic context of Britain's continuing relationship with the EC. Frustrated by the experiences of the 1964-70 Government, many Labour pros came to see EC entry as critical to providing the economic growth and control of interdependence needed for their social democratic programme. 50% of Labour pros speeches in the Commons stressed the extra economic growth they expected from membership. Tony Crosland, whose ideas about a new socialism provided the intellectual reference point for many on the Labour right<sup>2</sup>, had rejected nationalisation for the Schumpeter thesis that socialism would emerge not from the

1. Harold Wilson, Final Term: The Labour Government 1974-6, Weidenfeld and Nicholson, 1979, PP 50-4.

2. Interview with Shirley Williams, "The Seventies".

failure of capitalism, but from its success and maturation. Large-scale capitalism, with its need for a stable planning environment, would become increasingly dependent on the co-operation of the state, which would be given in return for the gearing of production to social priorities and the acceptance of substantial welfare provision and redistribution. But for all this to work, economy and society would have to reach a highly advanced stage and only continuing, brisk growth could keep the whole structure in motion; the synergy between state and producers would break down if surplus had to be diverted from investment. The state would also need to retain a strong bargaining relationship with producers.

In the EC debates, John MacKintosh argued that governments had depressed publics with their failures and that social democracy was being discredited by reluctance to admit that national policy-making was not a "context adequate to <sup>1</sup> circumstances" . David Marquand added that the key to democratic socialism was redistribution, but this could only come from higher economic growth . Roy Hattersley argued that if the Wilson Government had been able to enjoy European rates of growth, it would have "achieved its housing targets, the school leaving age would have been raised and the NHS financed differently . John Roper argued

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1. Hansard, 27 October 1971, Col 2021.

2. Hansard, 27 October 1971, Col 1911.

3. Hansard, 27 October 1971, Col 1802.

that socialism meant the substitution of social control and choice for outcomes based on unfettered market forces. In conditions of interdependence, a healthy bargaining relationship between state and producers could only be secured in conjunction with such transnational fora as the EC. Lord Kennet, a minister in the Labour Government, argued that membership of the EC would bring a reassertion of control over the means of distribution, production and exchange, in an age in which private interests were able to use their international manoeuvrability to elude controls.<sup>1</sup> Dick Taverne, a Treasury minister in the Wilson Government, argued that Labour should welcome EMU given the experience of 1964-70, when its programme had been overwhelmed by unconstrained international finance.<sup>2</sup> Thomson spoke of the left/right split being translated to the European level as the left realised the diminishing ability of national governments to deal with planning and reform.<sup>3</sup>

In all table 5 on page 240, shows how 41% of Labour pro speakers argued that EC membership would ease the introduction of social democracy or that European socialists would be strengthened by co-operation. Here they differed from Labour antis who believed that there would be a permanent anti-socialist majority in an integrated Europe,<sup>4</sup>

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1. Hansard, 22 July 1971, Col 1795.

2. The Financial Times, 12 July 1971

3. The Times, 16 April 1971.

4. George Thomson, Speech to RIIA, The Times, 26 May 1971.

or at least that the nature of European socialism and coalition politics would give decisive advantages to right-wing socialists. Of all groups, Labour pros were the least defensive about sovereignty; their ambitions focused on a desired society; the state, participation in international organisations etc were just alternative means. 31% of speakers specifically promoted entry as a rational response to interdependence or argued that sovereignty was a matter of little value.

By contrast, many Labour antis saw entry as removing all hopes of socialism in Britain. In the early 1970's, the left believed that it had the best chance for years to work for a radical Labour Government. Its grip on the party conference was to culminate in the 1973 programme to nationalise Britain's banks and 25 leading companies. As Stuart Holland has argued, the left saw the EC as entrenching economic and social structures opposed to their goals: "there was a conflict of irreversibilities" <sup>1</sup>. To Eric Heffer, the EC <sup>2</sup> "put the locks on" prospects of socialism. It was premised on the freest movement of all goods, capital and labour and thus prevented the socialisation of production. Such free market philosophies only led to monopolistic concentrations; these were recession prone, while they also pre-empted resources from consumers and

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1. Stuart Holland, The Uncommon Market, Papermac, London, 1980, P7.

2. Hansard, 22 July 1971, Col 1906.

workers to the owners of capital. Only institutions at the EC level could work to correct the inequities and instabilities of such a system, but stuck between the size of the task and imperfect authority transfers from the nation state, Community institutions would be easily overwhelmed by corporate lobbying and bargaining power. A favourite criticism of the left was that matters would be transferred to a bureaucratic and unaccountable organisation that was absorbed in harmonising all conditions to ease <sup>1</sup> monopolistic and multinational transactions.

In so far as nationalisation would not be prohibited, it would be meaningless. As governments would not be able to intervene in the management of public corporations, these would function like any other monopoly. On learning that governments would no longer be able to issue directives to the coal and steel industries, 110 Labour M.P's signed a motion calling for the Coal and Steel Nationalisation Acts <sup>2</sup> to be safeguarded. 27% of Labour anti speakers in the Commons condemned loss of sovereignty, though, as 20% were eager to point out, their objections rested on the obstacles that would be placed to social transformation and the entrenchment of Britain in a transnational capitalist club.

The Labour right saw EC entry as a contribution to socialist internationalism. It could be used to promote detente in

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1. Table 5 , page 240.

2. The Times, 1 July 1971.

Europe and it already had a better record of foreign aid than Britain. Over the longer term, it set an example in the transcendence of the state and global integration could be promoted incrementally through regional experiments.

By contrast, some Labour antis saw European integration as harmful to the structure of international society. Michael Foot told the Commons that he had little respect for the ways in which "great blocs and super-states conducted their affairs" <sup>1</sup>. To others, a second western power bloc would plunge the world back into cold war and encourage nuclear proliferation if it pursued Heath's idea of an Anglo-French deterrent. The future of the continent should be negotiated between all European states, both east and west, through the proposed conference on collective security. The EC was also considered harmful to North/South relations. Its selfish protection of the European area and its disruption of world agricultural markets by the dumping of surplus produce prevented developing countries from establishing trades and accumulating surpluses needed to industrialise. Joan Lestor felt that the main aim of the EC was to protect the rich <sup>2</sup> nations of Europe against the rest of the world. Frank Judd argued that the third world population in need of employment would grow by 225 million over ten years, yet the EC was disrupting international markets in those very products that

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1. Hansard, 23 July <sup>1971</sup>, Col 60.

2. Frank Judd, Morning Star, 31 August 1971.

3. Hansard, 20 October 1971, Col 956.

countries needed to sell in their primary stages of development. To Shore and Judd, a foreign policy focus on the UN and Commonwealth would keep Britain alive to international problems of peace and poverty; inside the EC <sup>1</sup> it would lose itself to petty wranglings.

To the centre of the Labour Party, socialist models were of little concern and preferences for different kinds of international order were various. They saw Labour as being about the protection of the perceived needs of working people. Many thus reflected public anxieties about the effects of entry on living standards. Where Labour pros hoped that Britain would be compelled to harmonise its <sup>2</sup> social security to European levels, former President of the Board of Trade, Douglas Jay, argued that entry would threaten fifty years of social improvement in Britain. A shift in the tax burden to food and the introduction of <sup>3</sup> Value Added Tax could "redistribute income backwards". The regions would be depressed, as governments would lose the power to direct industry to particular regions and the EC sucked economic activity to the centre of the market. Foot <sup>4</sup> argued that entry could "splinter the United Kingdom". George Thomas told the Commons that 30% of all industry that had come to Wales in 1970 had done so as a result of

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1. The Times, 17 May 1971.

2. The Times, 10 November 1971.

3. Jay in Evans, op cit, PP 15-31.

4. Hansard, 23 July 1971, Col 59

Government development certificates directing industry to  
1 priority areas. It was reported that Labour M.P's were already worried that unemployment increased by 2% of the work force with each 100 miles from London: what would happen to their constituencies if the centre of economic  
2 gravity shifted to Cologne? A calculation in Regional Studies suggested that parts of the EC could produce goods on average 27% more cheaply <sup>than</sup> South England, which, in turn,  
3 had a 14% advantage over the rest of Britain.

### 3. The Liberals and the Peripheries.

The Liberal Party took great pride in being the only party that had supported British membership since the formation of the EC in 1957. By voting in favour of the Second Reading of the European Communities Bill in February 1972, it could claim some credit for the survival of EC entry. In one respect it remained distinctive amongst British political parties even after 1972; it emerged with a commitment to a Federal Europe. Its leader, Jeremy Thorpe, told the House of Commons that the removal of restrictions between a Europe of nation states was too timid an aim; the EC had been formed "  
4 collectively to build a better world".

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1. Hansard, 26 October 1971, Col 1598.

2. Christian Science Monitor, 24 July 1971.

3. The Sunday Times, 17 October 1971.

4. Hansard, 28 October 1971, Cols 2124-2131

To a degree, EC entry was seen as an escape from Liberal marginalisation in domestic politics. Although the 1970-4 Parliament was to see a sharp Liberal revival, Liberals were preoccupied until late 1972 with the fact that the 1970 election had been their worst since the disastrous 1950 result; all the gains they had made between 1951 and 1966 had been reversed leaving them with just 6 seats and 7.7% of <sup>1</sup> the vote. However, a European Parliament was thought likely to be elected by Proportional Representation and to offer opportunities for Liberals to make coalitions with like-minded groups in other EC countries. The EC was also seen as making idealistic politics feasible. Thus former leader Joe Grimond wrote of the role that only a transnational organisation could play in dealing with the problems of post-industrial capitalism by decoupling the provision of social and environmental policies from the tendency of countries to under-supply these in their <sup>2</sup> struggle to compete economically. Thorpe urged that the EC should take primary responsibility for UN aid targets in relation to the 70 or so countries within its network of <sup>3</sup> trading agreements.

A fascinating, but little noticed aspect of EC entry, was that it raised questions of the definition of the United Kingdom. Entry was far more unpopular in peripheral than

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1. Butler and Kavanagh, op cit, P 400.

2. The Guardian, 10 February 1971.

3. Hansard, 28 October 1972, Cols 2124-32.

central regions. Where, in July 1971, there was a lead of 13% for entry in the South, Wales and the West were, on balance, 10% against, with this figure rising to 26% in Scotland.<sup>1</sup> The Scottish Nationalist Party was bitterly opposed and some questioned the right of the Westminster Parliament to commit Scotland to the EC; the Act of Union was held only to cover a transfer of powers to Westminster and not their further delegation to a foreign body. However, as Bogdanor explains, it was soon recognised that EC entry created new flexibility for the political evolution of Scotland and Wales; they could enjoy substantial self-determination and even independence with a political guarantee of access to a wide free market; a common regulatory framework would avoid the creeping introduction of hidden protectionism that presented the main obstacle to an ambitious scheme of devolution within the United Kingdom. Many also predicted that any transfer of functions to supranational bodies would have to be balanced by the strengthening of sub-national, regional units to articulate local demands and head off discontent with the remoteness of government. At the Scottish Conservative Party Conference in 1968, Heath had, in fact, argued for a Scottish Assembly in parallel with EC entry for just these reasons.<sup>2</sup>

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1. Kitzinger, op cit, P 361.

2. Vernon Bogdanor, Devolution, Oxford University Press, 1979, PP 98-100 & 108.

Many Ulster Unionists feared that, one way or another, the attachment of Northern Ireland to the United Kingdom would become more tenuous. Immigration from the South could threaten the Protestant majority in the North, even Protestants might come to look to the Eire Government as better placed to represent the economic interests of Ireland as a whole in the EC, the British Government might come to give priority to building its bilateral relationship with Dublin over the interests of Unionists for reasons of EC coalition building and it would become more exposed to <sup>1</sup> EC Catholic lobbies demanding changes in Northern Ireland. Finally, special arrangements had to be negotiated for the Channel Islands and the Isle of Man. On the one hand, it was doubted whether they could survive economically if they were outside the Common External Tariff. On the other, their status as tax havens was threatened by fiscal harmonisation; payment of VAT contributions to the EC would involve a substantial net outflow of funds and the free movement of labour seemed likely to lead to over-crowding on the <sup>2</sup> islands. Finally, when it came to the demographic, as opposed to the territorial base of the United Kingdom, the Government found itself having to negotiate enormously <sup>3</sup> complicated definitions of citizenship and rights of abode.

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1. The Guardian, 30 December 1970. Hansard 13 & 14 June 1972.

2. The Times 19 November 1971.

3. Norton, op cit, 1975, P 524

#### 4. Parliament.

Norton shows that in 6 860 divisions between 1945 and 1974, there were only 40 in which more than 10% of the PLP voted against its own party line and only 15 in which 10% of the Conservative Party did so.<sup>1</sup> Policies may be changed by well-worn channels within parties, but if a Government is determined on a policy it is unlikely that it will be changed by the ebb and flow of debate in Parliament or that a majority should remain uncertain and have to be carefully negotiated across parties. The British system is said to be one in which the Government sweeps all before it and not one of coalition politics. EC entry may, however, count as an instance in which parliamentary politics were significant to foreign policy change.

In some ways, this may seem a strange conclusion. The passage of the European Communities Act appears as a paradigmatic example of the penetration of parliament by ruthless party discipline. Heath only reluctantly allowed his own members a free vote in October 1971. After October, the "no" lobbies continuously included between 70 and 100 Labour M.P's, known to be in favour of entry and to believe that the Heath terms were acceptable. Although the Government allowed the whole House to participate in the Committee stage, Heath insisted that the legislation should

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1. Norton, op cit, 1978, P 23.

pass without a single amendment in order to demonstrate  
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Britain's ability to keep faith with prospective partners. In an exercise that was described as "looking at an entire new legal system through the back end of a telescope", the Government reduced 9 Treaties and 43 volumes of regulations to a Bill of just 12 clauses. Although the Government was caught in a dilemma here, as the only alternative seemed to be a Bill of "a thousand clauses", which would have been a hostage to parliamentary obstruction, the overall effect of  
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its decision was to make amendment harder still.

However, against this rather dismissive view, Parliament played a subtle role in the negotiations, with the Government eager to avoid rough receptions for reported terms, but also prepared to use these to reinforce the credibility with which it could play its domestic card with the Six. Two days before the Paris summit, the Times noted that Rippon had been subjected to "hard questioning and mockery" with Conservatives giving their minister little support; a clear signal had been sent that Heath should not concede to  
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Pompidou "more than the House of Commons can bear". Meanwhile, Duncan Sandys, a senior Conservative M.P., had phoned Pompidou direct to discuss the terms that his  
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colleagues would accept.

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1. Hansard, 17 February 1972, Col 746.

2. The Guardian, 27 January 1972

3. The Times, 18 May 1971.

4. Interview with Edward Heath, December 1988.

The October 1971 vote faced the Government with an unusual challenge of parliamentary persuasion. Media comment in both Britain and the EC picked up a contemporary mood that entry could not be legitimised by a simple majority alone; at least 50 to 100 would be necessary<sup>1</sup>. In an interesting comment that suggests there may be circumstances in which domestic constraints become more significant as an indirect result of the expectations of foreign partners, the Heath Government was eager to signal to the EC that there was a sufficient constituency in Britain for it to take a leading role in defining European policy and that the hostility of the principal opposition party should not inhibit dealings with Britain, as Labour pros would always be prepared to prevent any disruption of the new relationship. Both these factors pointed to the need for Government to manage things to obtain a large cross-party vote. The whips were thus removed from Conservative M.P's in the expectation that it would be more valuable to maximise Labour support by removing the taint of voting in a Government lobby than to minimise Conservative rebels.<sup>2</sup>

The October 1971 vote can be taken as a high point of parliamentary self-assertion in the postwar period. The Commons voted 358 to 246 for entry, a majority of 112. Both totals comprised a substantial cross-party mix by British

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1. Le Monde and Financial Times, 28 October 1971.

2. Interview with Francis Pym (Government Chief Whip, 1970-3), "The Seventies".

standards with pros including 284 Conservatives, 69 Labour and 5 Liberal M.P's and antis 200 Labour and 39 Conservatives. 20 Labour and 2 Conservative M.P's abstained. Leading cross-voters recall an atmosphere of exhilaration and even recklessness at having discovered an issue that was larger than party discipline. Indeed, the whole episode was accompanied by the more explicit development of factions within the parties together with new patterns of communication and signalling to friendly groups across party lines. Labour pros made it clear that they would deliver more votes if the Conservatives did not impose a whip and they asked for Heath's initiative for an Anglo-French deterrent to be toned down as it was causing some disquiet amongst Laborites otherwise inclined to entry.<sup>1</sup>

William Rodgers organised a whipping system to ensure that the Labour pros held firm under pressure from the rest of the PLP and threats from conference and constituencies. Many pros were eventually to form the core of the break away Social Democratic Party in 1981. Perhaps with a touch of hindsight, they have argued that their experiences between 1970 and the EC referendum of 1975 left them a cohesive group, but one that never succeeded in regaining a confident and comfortable relationship with the rest of the

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1. Interview with Shirley Williams, "The Seventies".
2. Interview with Anthony Royle, January 1989.
3. Kitzinger, op cit, 1973, PP 313-4.

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Labour party.

The Conservative Party has also been described as emerging from the EC debates as a party of factions, where it had previously only been one of tendencies.<sup>2</sup> The 41 members who rebelled in October 1971 and some of the identifiably reluctant converts to entry formed the clearest nucleus of a group opposed to the leadership and philosophy of a sitting Conservative Government since the 1902-5 split over imperial preference. Heath may have got away with playing a high-risk hand in the domestic political game because of the greater difficulties faced by Labour and it will be seen that he did make key compromises to backbench opinion, but, Norton reveals that he was still seen as having violated the subtle understandings of the Government: backbench relationship, in large part through the way in which he took Britain into the EC.<sup>3</sup> Both parties thus found foreign policy to be covered by the observation that party discipline is not without its long-term costs either to factionalisation or the security of a sitting leadership.

Moreover, the return to party discipline after October 1971 obscured many subtleties of the political game play. The

1. Interviews with Roy Jenkins and Shirley Williams, "The Seventies".

2. Patrick Seyd, "Factionalism in the 1970's", in Zig Layton-Henry (ed), Conservative Party Politics, Macmillan, 1980, P 235.

3. Norton, op cit, PP 239-241.

Government continued to rely on cross-party support, conspicuously on the Second Reading of the European Communities Bill when its majority of only 8 would have disappeared without 5 Liberals votes and 9 Labour abstentions. Over a gruelling three months, its majority fell as low as 4 and rarely exceeded 20. Anthony Royle, then a Foreign Office Minister with a background in the whips office, had operated a contact group with members of other parties through the European Movement. During the passage of the Bill he was telephoned each morning by a Labour pro with a request for an estimate of the number of abstentions the Government would need that night. The aims of the Conservative antis remain obscure, though it is, at least, necessary to take seriously Biffen's claim that they sought with mathematical precision to cut the Government's majority to the bone, in order to signal that even if there was no stopping EC entry there would be no authority for an ambitious European policy. Royle, however, believes that the antis had not abandoned hope of defeating the Government; being unaware of the arrangement with the Labour pros, they may have expected to succeed. However, perhaps the main point was that, in spite of the subsequent reassertion of party discipline, the single free vote/rebellion of October 1971 was sufficient to create an enduring perception that there was an underlying majority of around 100 for entry.

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1. Kitzinger, op cit, 1973, P 199.

2. Interview with Anthony Royle, January 1988.

3. Norton, op cit, 1979, P 192.

## 5. Public Opinion.

Table 6 shows the changes in public support for EC entry between 1967 and 1974. Table 7 analyses the reasons the public gave for supporting or opposing entry. Table 8 gives a breakdown of public expectations of membership and table 11 on page 297 compares the feelings of European identity amongst the publics of Britain and the Six.

At no time, did public opinion register enthusiasm for the EC, though there were moments of clear hostility. However, the very instability of popular reactions casts doubt on their depth; in cognitive terms, the public seem to have been uncommitted thinkers, open to being swayed one way or the other. Surveys discovered a low level of knowledge and thus interest in EC affairs. In one, only 13% could correctly name all members of the Six.<sup>1</sup> In a monthly poll that asked what were the most important issues facing Britain, the EC was only mentioned by more than 10% on four occasions between spring 1970 and summer 1972.<sup>2</sup>

The two factors that did tend to influence opinion were concern for personal living standards and the heat of the party battle. The improvement in approval ratings during the summer of 1971 can be entirely accounted for by by the higher number of Conservative voters expressing

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1. King, op cit, P 24.

2. King, op cit, P 25.

TABLE 6

EC ENTRY: PUBLIC APPROVAL RATINGS.

	For	Against	Balance
January 1967	65	20	+45
June 1968	37	44	- 7
Nov 1969	37	45	- 8
April 1970	20	62	-42
Nov 1970	17	68	-50
March 1971	22	60	-48
May 1971	27	60	-33
July 1971	28	55	-27
Sept 1971	37	50	-13
Feb 1972	44	42	- 2

Gallup series, Kitzinger, op cit, 1973, PP 354-5.

TABLE 7: PERCEIVED ADVANTAGES AND DISADVANTAGES OF EC ENTRY

1. Advantages.	NOV 69	JUL 71	SEP 71
Benefits to Industry.	16	20	26
Better wages	7	8	7
Keep down cost of living	8	6	5
Political links with Europe.	11	7	8
Full Employment.	6	4	9
Wider range of goods in shops.	12	4	8
Strengthened security.	6	4	6
No advantages.	32	36	27
Don't know.	21	16	15
2. Disadvantages.			
Price increases.	67	67	64
Bad for Commonwealth.	12	9	12
Unemployment.	11	12	6
Loss of Sovereignty.	10	9	6
Close links with Europe.	5	5	3
No disadvantages	5	5	8
Don't know	15	15	9

Gallup series, Vol 105-37, 1970-1, PP 127-8 & 143.

TABLE 8 : FINANCIAL TIMES PUBLIC ATTITUDE SURVEYS

	June 71		July/Aug 71	
	Y	N	Y	N
Are You in Favour ?	22	67	34	51
Will the Economy Grow ?	33	36	44	23
Will Britain lose identity?	52	34	40	46
Will most people lose ?	65	21	48	33
Will food prices rise ?	93	2	95	2
In National Interest?			49	39

The Financial Times 16th August/27th September 1971.

Better Off in 10 years time ? Y 48  
N 10

ORC, The Evening Standard, 9th August 1971.

themselves in favour of entry as the negotiations came to be seen as an achievement of their Government and Labour confirmed that the issue would be one of party politics. As cognitive consistency would predict, NOP discovered respondents to be far more likely to support entry where <sup>1</sup> they thought this to be the position of "their party".

Concern for the impact on personal living standards fits every statistical series, in particular the higher levels of hostility amongst pensioners, housewives, low income groups and inhabitants of less prosperous regions. It has been seen how the inflation predictions in the 1970 White Paper decisively shifted the public mood to one of hostility. Throughout the period, two-thirds of antis consistently opposed entry for reasons of higher prices; indeed, where most reasons for being for or against attracted only pockets of support, fear of higher prices produced the only large bloc response. An interesting subtlety contained in Table 8 is that voters expected to be better off in ten years time and saw entry in the "national interest". Nevertheless overall approval ratings for entry were most closely linked to pessimism for short-term, personal living standards. Combining the two above tables, voters cared little for the foreign policy aspects of entry, or European integration; on the other hand, the sovereignty and identity of Britain, and its national interest, also meant little.

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1. King, op cit, P 28.

Public opinion may enter the policy process through careful official monitoring of opinion polls. This effect was, however, limited in the case of the Heath Government. Polling had recently suffered the most severe setback of its history by seemingly miscalculating the result of the 1970 election by up to 15% . Heath's personal beliefs stood in what some would call the elitist, and others the constitutionally correct, tradition that governments were elected to do what they thought best for the duration of a parliament. It has been seen how he believed that foreign policy could be based on a national interest discoverable by expert opinion, whilst Government by opinion poll was one of his principal complaints about the Wilson era.<sup>1</sup> Moreover, as cognitive dissonance would predict, pros often interpreted the polls in such a way as to deflect themselves as little as possible from their course; the polls always gave a sufficiently elusive picture of public opinion to make this possible.<sup>2</sup> During the negotiations, it was repeatedly argued that poor ratings for entry would improve as soon as a breakthrough removed the sense of frustration and rejection caused by ten years of argument with the EC.<sup>3</sup> The historical analogy of public scepticism in some parts of the Six giving way to enthusiasm for the EC as soon as it was seen to bring economic benefits was also employed to argue

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1. Hurd, op cit, P 14.

2. Christopher Hill, Public Opinion and British Foreign Policy since 1945, Millenium, Vol 10, NO 1, Spring 1981.

3. The Guardian, 20 November 1970.

that opposition would be transient. Before the October 1971 vote, some polls had conveniently registered a balance of pros and antis, while the nuances of detailed responses were eagerly exploited for signs that the public was more favourable than appeared. It was noted that up to 80% expected the UK to enter, that many felt they knew too little and could only leave the decision to Parliament and that 50% felt entry to be in the national interest.

However, it has also been seen how public opinion tended to seep into the shaping of British entry. Paradoxically, it may have re-entered British policy-making through the need to satisfy foreign governments. The stubbornly low approval ratings of early 1971 compelled the Government to shore up the confidence of the Five by altering its presentation of entry from being an option to a necessity. Even if anticipations - and not facts of public opinion- are most immediate to decision-making, it will be seen that the goal of delivering material returns ran right the way through Heath's European policy. In this respect it was attentive to the central public expectation placed on British Governments and, at least, concern for living standards was a constant of public opinion, on which policy could reasonably be based, whilst overall approval ratings for EC entry gyrated. Even if public opinion had not always been followed on the substance of the issue, the need to arrange entry with an eye to its role in the domestic political game would have a continuing effect on the character of the new relationship.

## 6. Interest Groups.

Robert Lieber's study of the role of the principal interest groups in the making of Britain's EC policy in the 1960's concluded that their influence was positively correlated with a perception that entry was a technocratic question, affecting the conditions of agricultural and industrial production, and negatively correlated with a belief that it involved an over-riding national interest, particularly in the conduct of foreign policy. The Heath Government had a determined view that entry was in the national interest. Nevertheless, interest groups contributed to the shaping of Britain's relationship with the EC.

As table 9 shows, British industry strongly favoured entry. Sectoral surveys reveal interesting perceptions of how

Table 9: Survey of 100 of the 500 largest Companies in Britain.

Do you regard membership as good or bad for your Company/the Country?

	Company	Country
Good	85	87
Bad	5	4
Don't Know.	10	9

Source: The Guardian, 16 July 1971.

pressures and opportunities of transnational economics were seen to require membership of an organisation like the EC.

1. Robert Lieber, British Politics and European Unity: Parties, Elites and Pressure Groups, University of California, Berkeley, 1970.

The chemical industry had already integrated production arrangements across West Europe in response to technical pressures to take an international approach to manufacture. The output from any one plant was so huge as to depress prices if sales were confined to a single national market. Each process produced by-products that others needed as inputs; intermediate goods thus needed to move around Europe without the imposition of tariffs at every boundary if producers were to meet US and Japanese competition. The British car industry faced a consumer rebellion against the homogeneous consumption patterns implied in everyone buying national models; it hoped that EC entry would allow it to make up for loss of domestic sales. British steel producers hoped to gain from the fact that their plant size was higher than that of the European competition, while the coal industry expected to provide some of the 13 million tons of coal currently imported to the EC. Advanced technologies such as aircraft, heavy electricals and computers were all thought likely to benefit from freeing of trade in public procurement and from transnational collaboration in research and production. The Central Electricity Generating Board felt that the whole European economy would lose competitiveness if countries duplicated efforts in developing new sources of energy; for instance, nuclear energy would be unaffordable if Europe pressed ahead with three or four different prototypes.<sup>1</sup>

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1. Christopher Layton, "The Benefits of Scale for Industry" in Pinder, op cit, PP 46-69. The Times, 26th October 1971 and The Financial Times, 23rd December 1971.

The Confederation of British Industry had access to Britain's negotiating team in Brussels and began to develop an infrastructure of transnational lobbying which would focus on the Commission and employers organisations in other member countries.<sup>1</sup> Heath began his term of office by making the assumption that the Government could turn round the economy by listening to industrialists; the former Director of the CBI was appointed Secretary of State for Trade and Industry. By contrast, Trade Union input to the negotiations was blocked by Heath's initial belief that Government had mired in union consultations and that its authority to represent the whole country needed to be re-asserted. For their part, the unions were in any case reluctant to become involved with consultations on EC entry while the Industrial Relations Act was passing through Parliament.

Although the TUC had supported entry in the 1960's, it condemned entry on the Heath terms in 1971. As with the centre of the Labour party, its objections were essentially concerned with pessimistic assessments of the implications of entry for the employment and living standards of the working man. It argued that only other countries would benefit from Britain's entry. Britain should be expected to pay no more into the budget than it received. The Government's hope for new policies to compensate Britain for the *acquis* were chimerical as the other members would

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1. Kitzinger, op cit, 1973, P 163.

2. Interview with Sir Leo Pliatsky, The Seventies.

not give up the advantage of Britain's net contributions. Not only would workers face deflation and higher unemployment, but many in the lowest income groups, who spent up to 50% of income on food, would be hard hit by the CAP and VAT.<sup>1</sup> Both the TUC and CBI would nonetheless have a critical role after the success of the negotiations and it will be necessary to examine this in the next chapter.

The National Farmers Union was involved in intensive consultations during the negotiations and it was sometimes hard to please. But this may have reflected the delicacy of its position. On the one hand, specific producers such as hill-farmers and horticulturalists were threatened with serious loss, but if the negotiations were to fail the overall NFU membership would be deprived of a rich opportunity. Prior told the Commons that farmers would receive 30% more for wheat and barley, pasture in the south and west would become more competitive than continental farms and, overall, agricultural output would rise by 8%.<sup>2</sup> Indeed, agriculture would benefit from definite, direct effects where the advantages to industry were speculative. There was even some criticism that entry would encourage an inappropriate diversion of national resources into farming and mistreatment of the land. The problems of identifying a clear sectoral interest in the EC question, let alone an unambiguous national interest, is evident from the CBI/TUC

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1. The Times, 27 July 1971.

2. Hansard, 27 October 1971/Col 1853.

NFU experience. Even the CBI faced the doubts of small business, which was exposed to domestic cost inflation and import penetration without having opportunities to export.

There is little that can be added to Kitzinger's detailed account of the campaign groups.<sup>1</sup> These special groups became important as discreet contact points for like-minded politicians of different parties. They helped to articulate and mobilise opinion, while structuring the flow of information. The anti movements staged referendums, designed to "show" that the Government had no "mandate" for entry. The pros concentrated on skilled briefings of the media. At their peak, groups on both sides had publication runs of over 1 million, while Kitzinger estimates that the European Movement arranged 3,000-4,000 meetings. As occasionally happens in UK politics, a foreign policy issue had produced a lively group politics. Such a role for special groups may be linked to the difficulties of pursuing any single issue through a party, especially where cross-cutting alignments complicate the ability of parties to handle an issue.

A lengthy conclusion will not be attempted at this point. Instead, the above analysis of EC entry as deeply implicated in the domestic political game, should be borne in mind as the next chapter goes on to discuss UK political culture and entry, in order to form a complete picture of the role of domestic politics in Britain's foreign policy change.

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1. Kitzinger, op cit, 1973, PP 189-253.

## CHAPTER 6: THE PROBLEMS OF ADAPTING DOMESTIC TO TRANSNATIONAL POLITICS.

In a system of decentralised transnational politics such as the EC, in which each state possesses a veto, the domestic politics of each country forms a sub-system significant to the prospects of the Community as a whole.<sup>1</sup> The EC thus redefines itself as each new member adds its own distinctive internal spurs and constraints to European co-operation. On the other hand, movement from a self-enclosed national politics to participation in a transnational grouping may change the domestic structures of member states. It is, therefore, useful to ask the following: how well adjusted were British politics to EC membership? Did the experiences of 1970-2 improve matters or make them worse? Did the Heath Government seek to change the internal contexts from which it would have to operate a European policy and, if so, with what success? Did the eventual interface between EC and British politics make some trajectories in the evolution of the new relationship more probable than others?

Answers to these questions need a mixture of cognitive and organisational analysis. The critique that will now be attempted of the interpretative frameworks, structuring assumptions and information flows that characterised the "mind-sets" of domestic actors in relation to the EC is of

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1. S. Bulmer, "Domestic Politics and EC policy-making", The Journal of Common Market Studies, Vol XXI, No 4, Autumn 1983.

little value without continuing the analysis in the last chapter of how the holders of different attitudes were bunched in relation to "organised formations" of British politics and to the domestic political game.<sup>1</sup>

Rosenau has speculated that the more a foreign policy is implicated in the allocation of domestic political values, the less easy it will be to achieve consensus in a pluralistic polity. However, consensus *per se* is not the best test. Of greater import is that organisational and conceptual patterns should be capable of extracting coherence from the diversity and disagreement that are defining features of pluralism in the first place. Indeed, cults of consensus that attempt to deny disagreement may even lower the coherence of foreign policy.<sup>2</sup>

It will be claimed here that the operational/cognitive intersection between patterns of organised British politics and the distribution of attitudes towards the EC emerged from 1970-2 in a condition that would make it hard for British Governments to sustain a coherent approach to European co-operation. The events of EC entry seriously eroded traditional practices of effective foreign and European policy-making without substituting replacements. Bipartisanship had at least had advantages in providing

1. Samuel H. Beer, Modern British Politics: A Study of Parties and Pressure Groups, London, 1969, Introduction.

2. James Rosenau, ed, The Domestic Source of Foreign Policy, New York, 1967.

continuity to British foreign policy and in insulating its consideration from the problems of adversary politics. Above all, the party leaderships had been able to find a political base in cross party support for coherent foreign policy-making to compensate for the propensity of their own parties to split on external issues, as British political alignments had been largely conditioned by domestic criteria.

Conservative ministers recall that the earliest attempts to form new packages of EC policies to improve Britain's stake in EC membership were inhibited by the greater probability, in Britain's case, that any commitments made by its Government might be reversed by transfer of power to the <sup>1</sup> principal opposition party. Apart from the specific traumas of contemporary Labour party politics, there was a potential tension between Community politics, in which complex interstate bargains need to accumulate over long periods with uninterrupted confidence in reciprocation between partners and a British approach to domestic politics in which policies are not negotiated across parties or framed for their inter-party sustainability, but reflect an alternating monopoly of power by individual parties, encouraged to reverse positions taken by opponents.

The problem was only compounded by the extraordinary awkwardness with which each of the three camps with views on how the EC should develop - the activists, minimalists and

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1. Interview with Anthony Royle, January 1989.

the hostile- cut across party divisions, reducing the likelihood that coherent policies could be developed from single party bases and without bipartisanship. If reasonably reliable evidence of alignments undistorted by parliamentary whipping is taken, 100 out of 287 Labour M.P's were prepared to sign a *Guardian* advertisement that the " causes of Social Democracy, world peace and economic prosperity would be advanced" through EC membership.<sup>1</sup> Anthony King identifies the same number of convinced Labour antis in 1970. On the Conservative side, 127 M.P's were signed up members of the Conservative Group for Europe and 62 were firmly opposed before the party battle began in earnest.<sup>2</sup> Allowing for a certain haziness of categorisation and fluidity of commitment, a crude guess might be that around 610 M.P's in the two main parties were divided as below in their attitudes to European co-operation.

Table 10: Estimates of underlying cross-party cleavages in the House of Commons to different approaches to EC membership.

	<u>Cons</u>	<u>Lab</u>	<u>Total</u>
Activist	130	100	230
Minimalist	135	85	220
Hostile	60	100	160

In many other political systems, the disturbance of old divisions formed in the context of an enclosed national

1. The Guardian, 11 May 1971.

2. King, op cit, PP 34-5.

3. Kitzinger, op cit, P 188.

politics might have either been followed by a relatively frictionless realignment or by cross-party coalition-building to allow various groups to form coherent political bases for their preferred approaches to transnational politics. However, the new context had yet to be seen as sufficiently important in British politics to merit such changes, while any breakaway groupings would have taken enormous risks, as the British electoral system normally only leaves room for two parties. As a result, there were those who articulated either clearly traditionalist or transformationalist strategies for Britain's evolving relationship with the EC, but they were unable to make common cause because they were locked into opposing parties and often dissipated their clarity of perception in the continuous negotiation of obfuscating formulae with those of conflicting persuasions on their own side.

Of the two parties, Labour probably emerged in the worse condition to sustain an effective European policy. It has been seen how Wilson had concluded in 1971 that a decision could not be made on the principle of British membership without either defying the extra-parliamentary party or losing some of the politicians with the clearest public appeal from the leadership. The idea of a referendum was partly a substitute for a decision by the party itself. However, the Heath Government had made it clear to Parliament in February 1972 that the matrix of discussions in which Britain had become involved with its new EC

partners could involve the framing of new treaties. The new relationship could confront British parties with a continuing flow of fundamental decisions of principle. It was perhaps fortunate for Labour that further initiatives for European co-operation lost much of their impetus when the Party returned to Government in the mid-1970's.

The fact that entry was in many ways a distinctively Conservative foreign policy achievement probably socialised many natural doubters on the right into its defence. Between February and August 1971 the 127 M.P's, out of a total of 326, who were enthusiastic enough to have joined the Conservative Group for Europe before the main political battle, were joined by a further 75 members.<sup>1</sup>

However, it should be noted that Heath had only achieved a stand-off with the hostile and doubtful in his own party. A probable result of his need to rely almost exclusively on his own party to pass the European Act was that more constraining guarantees were made to Parliament on the preservation of its role in EC matters than would probably have been the case if entry had been carried by a cross-party coalition of its most enthusiastic supporters. Table 5 showed how 27% of Conservative frontbench speakers were anxious to emphasise that there would be no loss of

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1. Kitzinger, op cit, 1973, P 188.

2. See above P 240.

sovereignty on entry. Conservative backbenchers showed their determination to hold the Government to this promise, when in 1973 a special committee of the House of Commons unanimously recommended what were to prove unrealistically rigorous rights of parliamentary scrutiny over EC proposals.<sup>1</sup> It should also be noted that if only 41 Conservative M.P's voted against entry or abstained in October 1971, more than 120 had decided not to join the CGE by August 1971. Although Conservative hostility towards the EC was not to return to its 1970 levels, it can be seen to have recovered some ground once the duel with Labour was over in 1972. The lead of pros over antis amongst Conservative voters fell from its peak of 42% to 17% by October 1973. In the February 1974 election, only 22% of Conservative candidates mentioned the EC in their election addresses, while 83% touched on pensions and 64% on housing.<sup>2</sup>

The other main channel of organised British politics was provided by interest groups, notably the CBI and TUC. By defining clear economic interests in potential forms of European co-operation, the CBI and TUC might have been able to put pressure on the political parties to frame their European policies with greater coherence and continuity than would have been the case if everything had been left to the dynamics of intra and inter-party politics alone. It has been little appreciated how Heath's "U-turns" -

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1. Sasse, et al, op cit, P 61.

2. Butler and Kavanagh, op cit, 1974, P 62.

his resort to CBI/TUC participation in government after 1972 - were in fact, related to EC entry. It was only in the Spring of 1972 that the Heath Government and British industry could be fully confident that the European Act would pass into law, by which time there was only a matter of months to gear up for entry. Whether the British economy shifted up from a long-term growth path of 2.5%-3.0% to one of 4.5%-5.0%, as the Government hoped, or slipped into cumulative deindustrialisation, as critics such as Kaldor feared, would depend on the competitiveness of British industry at the moment of entry. In practice, this meant that there was an urgent need for new investment. Yet a poll of 100 companies as late as July 1971 had shown that only 30<sup>1</sup> expected to increase investment. There was a widespread feeling at the time that the picture would only be improved if the economy was reflated to restore industry's confidence and if Britain was made more attractive to foreign investment in anticipation of membership.

This challenge was to throw the Heath Government back to a system of economic management by discussion with the TUC and CBI, which it had rejected between 1970 and 1972. A pay policy was thought to be necessary to prevent the extra demand intended to stimulate profits and thus investment in parallel with EC entry from running into wages and inflation. Although it was convenient for the unions to reject a voluntary pay policy, they contributed far more

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1. The Guardian, 16 July 1971.

than admitted to the development of Heath's statutory regulations. As far as the CBI was concerned, both Barber and its then Director General, Sir Campbell Adamson, recall that industry's direct participation in government policy-making was an attempt at indicative planning: a self-conscious effort to adopt what Heath believed to be a West European model whereby government and industry exchanged their spending and investment plans in order to avoid the opposite pitfalls of centralised economic direction or under-investment because no-one knows the plans of others.<sup>1</sup> Although Heath created a special unit in the Cabinet Office to work with the organised economic interests to create a complex of agencies and interests working for an energetic British response to European economic integration,<sup>2</sup> his efforts were dogged by three problems: the loose federative structures of the TUC and CBI made it increasingly difficult for them to hold their members to tripartite deals with Government:<sup>3</sup> the fact that the TUC had opposed entry, in contrast to 1961-3, when both the TUC and CBI had been in favour, made it far harder to create an unambiguous impression of producer interest in an ambitious approach to EC membership : the doubtful legitimacy of what many in Heath's own party considered to be "corporatist" government. There were thus limits to which principal interest groups

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1. Interviews with Anthony Barber and Campbell Adamson, "The Seventies"
2. Interview with Sir Douglas Allen, " The Seventies".
3. Interview with Sir Campbell Adamson, "The Seventies".

could be mobilised to counter the difficulties of developing coherent policies for EC membership from party bases.

Turning to points of political culture, a common theme is that Britain had a more pronounced sense of nationhood than the original six members of the EC and that this would greatly complicate the mediation of a substantial proportion of public issues through a process of transnational politics. British domestic actors faced greater cognitive difficulties than counterparts amongst the original Six in adjusting to the splitting of political functions between the nation state and the EC and in resisting the temptation to see the role of the latter as an interference. To some, this would create a mismatch between functional needs for transnational co-operation and identative values in British politics. Earlier sections, particularly those on initial Conservative opposition to entry and the heat that was generated by the prospect of net British contributions to <sup>1</sup> the EC budget, suggested that there was some evidence of low British adaptability from national to transnational politics and Table 11 would seem to provide further confirmation.

Entry was also accompanied by a substantial level of mistrust from both left and right of the prospect of British entanglement with foreign political processes. Comments from the House of Commons debates of 1971 will show how some

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1. See above P 210 & PP 237-9.

still saw the latter as likely to involve the UK in a vortex of institutional breakdown, compensating bureaucratisation

TABLE 11 Eurobarometer poll of attitudes to European Integration. Balance of favourable over unfavourable replies.

	Holl	Lux	Ger	Bel	Fr	It	The Six	Br
In favour of EC	+71	+64	+62	+55	+55	+42	+56	-14
A United States of Europe	+47	+70	+60	+50	+56	+53	+56	-18
Directly Elected Parliament	+38	+61	+55	+45	+44	+49	+48	-10
European foreign/ economic policy	+18	+12	+38	+32	+26	+40	+33	-38
Would you vote for a European President of a different nationality ?	+45	+47	+57	+28	+37	+26	+41	-2

and authoritarianism, in contrast to Britain's own discovery of the secrets of gentle and stable political evolution. The Conservative member, Derek Walker-Smith, argued that Britain would be " trading in its parliamentary system for one devised for countries that do not have a long tradition of <sup>1</sup> parliamentary democracy". Labour member, Stanley Clinton-Davies, claimed that the " Europe of the Six was politically unstable. Brandt has a majority of three with a very sinister right wing element poised to take power. France <sup>2</sup> has a political structure that is less than democratic" .

Another Labour member, Dr John Gilbert, argued:

" if Britain does have a special contribution to make, it will not be strengthened by being integrated with a community whose decision-making institutions are

1. Hansard, 27 October 1971, Cols 2133-7.

2. Hansard, 25 October 1971, Cols 1488-93.

undemocratic..whose concept of the relationship between state and individual is different and a large part of whose electorate has a persistent partiality for parties of the left and right.. the prospects are extremely slim of a democratic party of change attaining a majority in the European Parliament". 1.

The conceit that Britain was the world's laboratory in the ingenious development of political institutions -and that it could only provide the rest of the world with a paradigm if it remained apart from European integration- was not dead.

Nevertheless, conclusions about British concepts of nationhood and implications for UK relations with the EC need to be deployed with discrimination. The relatively lower propensity of British actors to develop a sense of community with other European peoples or to transfer loyalties to transnational institutions has been put down to the way in which continental states were either discredited or defeated at some point in the Second World War, while Britain emerged from its "lonely stand" against the rest of Europe with an enhanced sense of the peculiar strengths of its institutions and national bonding; at the time of entry, many thought that these assets should not be blurred by participation in the EC, in case they should be needed again at a time of crisis. However, the formative experiences of different generational cohorts in British politics had cross-cutting cognitive effects on perceptions of nationhood. Even the war itself was open to an opposite interpretation, as exemplified by Heath himself. Close

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1. The New York Times, 23 October 1971.

friends have dated European integration as the ruling passion of his political career from his travels as a student, when he witnessed the Nuremberg rallies and later the amassing of German troops to invade Poland. Table 5 on page 240 shows that many Conservative M.P's shared his belief that Europe had to integrate to the point at which nation states could no longer cause European wars.

Table 12 below also shows that support for EC entry was inversely related to age. Although this may have reflected youthful idealism or the psychosclerosis of age, it may also be that the cognitions of younger cohorts were more exposed to i) transnational channels of communication that were corrosive of national identifications ii) feelings of national failure following the relatively greater difficulties faced by Britain's state, society and economy since the formation of the EC.

TABLE 12: BALANCE OF APPROVERS OVER DISAPPROVERS OF EC ENTRY BY AGE

	<u>15-24</u>	<u>25-44</u>	<u>45-66</u>	<u>65+</u>
ORC March '71	+5	-4	-14	-41
NOP March '72	<u>18-24</u>	<u>35-44</u>	<u>55-64</u>	

Source Kitzinger, op cit, P 416. King, op cit, P 26.

More fundamentally, there is evidence that strong feelings  
1. Interview with Madron Seligman, "The Seventies".

of national identity were primarily significant because of their holders' positioning in organised politics: they were well represented in the Conservative Party and Parliament. Outside organised politics, research had shown British society to be one of weak political identifications of all kinds<sup>1</sup>. This is supported by polling evidence on EC entry. Tables 7 and 8 on Pages 277-8 show that although around 40%-50% of all respondents expected some loss of identity, only around 10% of antis opposed entry for reasons of sovereignty. Table 8 shows that respondents distinguished perceptions of what entry would mean for personal living standards from assessments of the national interest and based their positions on the former. The need to project Britain as likely to assume a leadership role in the EC was clearly a response to actors in organised , rather than popular politics. By 1969, the public had come to expect that the UK would "take a back seat" to other states in the EC<sup>2</sup> - but there was no sign that this was a reason for public opposition to entry !

A pattern of public opinion low on both national or European identification, but high on "utilitarian" assessments of political options had mixed, and not necessarily constraining, implications for the ways in which British Governments could approach EC membership. Lindberg and

1. See Butler and Stokes, op cit, 1971. Also Richard Rose, ed, Studies in British Politics, Macmillan, London, 1976.

2. R. Jowell and G. Hoinville , Britain into Europe: Public Opinion and the EEC, Croom Helm, London, 1976, P 27.

Scheingold point out that once a public becomes accustomed to positive material feedback from European co-operation it may begin to expect a continuing flow of such gains and become impatient with those actors who hold up EC processes. Governments may also find that "spill-over" operates; circumstances may arise in which they have to choose between rolling back some of the utilitarian gains received by their electorates or protecting them by extending transnational co-operation into new issue areas.<sup>1</sup>

From the polling data, it can be hypothesised that British opinion functioned cybernetically. It had chosen one critical variable to monitor - expectations of the value of EC membership to living standards- and it would largely judge European co-operation by results for this single measure: if results were good, public opinion would be available to support the forces in organised politics which favoured an activist approach to the EC: if they were bad, public discontent would lend justification to those who favoured minimalist or hostile approaches to the EC; frustration with EC dealings might even be convertible into feelings of Britain's embattled nationhood that were by no means a necessary feature of its political culture. Various corollaries for Britain's evolving relationship with the EC can be drawn from this cybernetic model of public opinion. First, much would depend on the early, "formative" experiences of UK membership. As the columnist David Watt

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1. Lindberg and Scheingold, op cit, 117-20

put it, Britain could not even be counted safely inside the EC for another five years, during which time it would be necessary to demonstrate that there would be " cash prizes for all" and not just for the original Six. <sup>1</sup> Second, in line with the above critique of cybernetics/pragmatics they represented a peremptory and unreflective criterion for assessing the new relationship. Third, even if a simple utilitarian feedback model could be supportive of what Taylor has called a gesellschaft approach to European co-operation - " different actors pursuing their own interests, <sup>2</sup> when coincidentally convergent" - low levels of British socio-psychological identification with the EC might also inhibit the development of the relationship. There was a risk that Britain would react with incomprehension to any expectation by its partners that policies designed to tap the material potential of European co-operation should be matched by progress in the creation of a European *gemeinschaft*. Lindberg and Scheingold also point out that feelings of " mutual identification will be supportive of <sup>3</sup> the EC problem-solving capacity" : *gemeinschaft* may be needed to smooth the way for gesellschaft by easing problems of international co-operation such as the near impossibility of arranging an exact equality in costs and benefits or a precise synchrony in the delivery of promises.

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1. The Financial Times, 20 October 1971.

2. See above PP 133-7.

3. Taylor, op cit, P 84.

4. Lindberg and Scheingold, op cit, P 39.

But although there is some evidence that feelings of national identity could limit the options available to British Government in the new relationship with the EC, it is claimed here that the real difficulty was conceptual rather than emotional. The domestic politics of the early 1970's presents evidence of low ability to reconceptualise politics in transnational terms: indeed, of a failure to recognise that this would even be important to the viability of EC membership.

As elite bipartisanship has been much criticised for the cognitive under-development of British domestic thinking about the relationship between the UK and its external environment, the conjunction of its demise with a fundamental change in Britain's foreign policy could have provided an important opportunity. In a comparative study between British and US foreign-policy making at the end of the 1960's, Waltz had argued that the UK stress on achieving consensus within a closed elite process was actually less effective than more open and pluralistic US methods; the need for US policy-makers to win the support of other executive and legislative agencies put them under greater

pressure to ensure that their assumptions possessed sufficient consistency and coherence to survive in open debate.<sup>1</sup> In 1973, Frankel argued that elite bipartisanship made Britain a society in which its elite neglected domestic affairs for the glamour of foreign policy, while its mass formed no conception of the need to set domestic preferences in the context of the external relationships that made them feasible.<sup>2</sup> In 1968, opinion polls found that no foreign policy issue had been considered important by more than 2% of the public. Moreover, interest in foreign affairs had declined over the previous twenty years; paradoxically, discontent with economic and social performance may have been leading to an even more self-preoccupied domestic politics, just as discussion of cause and cure required international perspectives.<sup>3</sup>

In the light of these criticisms, patterns of British political discourse during 1970-2 should be tested for three related characteristics that were likely to be helpful to the successful development of the relationship with the EC:

- i) intellectually challenging processes that would help policy-makers move towards value integration: a gradual resolution of any initial failure to confront trade-offs that might be needed to make EC membership work.
- ii)

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1. K. Waltz, op cit, 1967.

2. Frankel, op cit, PP 13-9.

3. Philip Abrams, "Social Structure, Social Change and British Foreign Policy", Kaiser and Morgan, op cit, PP127-51

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"cognitively open" learning patterns. British domestic actors relevant to the multi-level game of successfully negotiating international collaboration should at least be open to "up-grading" mind-sets based on a self-enclosed national politics with the beginnings of concepts of transnational politics and economics: iii) in particular, they should be able to adapt shared meanings and norms to the possibilities of a new transnational politics. This would be important domestically and not just to facilitate co-operation with EC partners. It would not matter if a consensus failed to emerge on the substantive issues involved in developing British membership in a transformationalist or traditionalist mode, if it was agreed that one side or the other had legitimately established the right to enact its preferred approach.

The House of Commons debates provide a useful starting point to apply these three tests of the adaptability of British domestic attitudes to EC membership, as Parliament's defenders suggest that its true role has shifted from selecting governments to providing a central focus for public debate: to providing a point at which the assumptions of governments can be tested and the consciousness of the public adapted to changing contexts. However, the ten days

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1. See above P 131.

2. See Michael Ryle, "The Commons in the Seventies: A General Survey", in S.A. Walkland and Michael Ryle, The Commons in the Seventies, Fontana, 1977, PP 11-33.

Commons debate on EC entry in 1971 received poor contemporary reviews. *Le Monde* wrote of "history being made in <sup>an</sup> air of boredom" and of the parliamentary debate contributing to the fracturing of British thinking between apocalyptic visions, inflated expectations and short-term <sup>1</sup> niggardliness. David Watt thought that entry was being approached in an air of regretful nostalgia. The case was too often made in terms of how Britain might have had a "better yesterday" if it had joined the EC in 1957. By diverting attention from changing international contexts, this inhibited psychological preparation for further adjustments that might be needed in Britain's relationship with the EC; it deepened expectations that entry would bring a "restoration rather than a transformation in Britain's <sup>2</sup> policy". Peter Jenkins complained of pros tending to play safe with homogenised, anodyne arguments, which enabled them to get through the immediate task of forming a majority for entry, but only at the price of little debate on exactly how Britain should develop its membership; this was a missed opportunity as the was "at its most malleable". <sup>3</sup> To another reviewer, the whole experience challenged belief in the "capacity of the British political system to handle sophisticated questions". It was no more than a "shallow dialectic of personalities

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1. Le Monde, 23 and 29 October 1971.

2. David Watt, The Financial Times, 29 October 1971,

3. Peter Jenkins, The Guardian, 29 October 1971.

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and ill-considered ideas".

The research of House of Commons speeches, on which table 5  
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is based, adds some further perspectives. Both Conservative  
and Labour pros slipped too easily into presenting the EC as  
a source of assured economic benefits, at the expense of  
assessing adjustments that might have to be made in  
political practices and forms. Also apparent was the  
tendency for self-preoccupied domestic tussles to crowd out  
analysis of international context in parliamentary foreign  
policy debates. A great deal of time was spent on quoting  
old statements to embarrass leading members of the opposite  
party; this occurred in 15 of the 25 speeches by government  
ministers.

A common approach was to itemise desiderata and features of  
membership that Britain should not tolerate as separate  
lists, i.e. without explicit consideration of whether the  
one could be had without the other. In the manner of the  
theory of cognitive consistency, the Government seems  
likewise to have responded to the unfolding debate by  
claiming that entry was consistent with every concern  
raised. In other words, domestic debate did not compel  
greater coherence in government thinking; the pattern of

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1. Philip Allott, "Britain and Europe: A Political Analysis"  
Journal of Common Market Studies, Vol XIII, No 3, March  
1973.

2. See above P 240.

over-justification and under-articulation of trade-offs was deepened by the Government's need to get through the immediate domestic exigencies of ratifying entry. Royle and Armstrong both recall that the Government was almost exclusively focused on the turbulent daily politics of EC entry with little time remaining for detailed planning of the new relationship.<sup>1</sup>

The remarkable stability, in Table 7, of polling responses between 1969 and 1971 to the request to itemise advantages or disadvantages of EC entry suggests that the "Great Debate" declared by the Government in summer 1971 was a limited learning experience as far as the public was concerned.<sup>1</sup> There was still little inclination to conceptualise entry as a re-ordering of Britain's relationship with its external environment, as opposed to a change that would affect prices or the prospects of British industry. The benefit of establishing closer links with Europe was mentioned by only 5% in both 1969 and 1971. The Gallup Series shows that those who considered the EC to be the most urgent public issue did increase from 4% to 13% during the Great Debate, but even at its peak it was on a par with Northern Ireland (12%) and well behind immediate domestic concerns of unemployment (36%) and inflation (22%). Moreover, by early 1972, EC entry was back to being the most important issue for only 2% of the public.<sup>2</sup>

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1. See above P 277.

2. Gallup Series, 105-37 (1970-1) & 138-72 (1971-2)

Two examples will now be cited of the lack of progress in stabilising shared meanings and norms to govern the new relationship with the EC. Norton has argued that Heath's refusal to "engage in a process of concession in advance" with his party violated all the conventions of frontbench/backbench relationships.<sup>1</sup> However, an alternative perspective is that it was hard to maintain many domestic conventions in the new context of EC membership. The refusal to accept any amendments to the European Communities Act reflected the priority Heath gave to keeping faith with his new EC partners. The Government did not want to refer any matters back to the negotiations, given that talks about fish had dragged on for a further six months after the conclusion of the main agreement. The difficulty of injecting parliamentary accountability to the new transnational relationship would be increased further if the Government also had to negotiate with the CBI and TUC to attain the goals of EC entry. On the other hand, the problem was not convincingly answered by a special Ways and Means Committee of the Commons in 1973. By i) making arrangements for every Community measure to be put before a scrutiny committee of the Commons, which would then alert the House as a whole to matters it considered important and ii) stipulating that the Government should not allow the Council of Ministers to proceed on a proposal until Parliament had stated its views, the Ways and Means committee devised a method that would meet the formalities of parliamentary

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1. Norton, op cit, 1978, P 230.

accountability, but without devising norms that were likely to be practicable in terms of parliamentary time, the understanding and attention that the average British M.P. could give even to EC issues sifted by a scrutiny committee, or the ability of the Council of Ministers to accommodate further delays in the handling of the EC's business.<sup>1</sup>

An especially trenchant contemporary article in Round Table<sup>2</sup> by Professor of Government, J.D.B. Mitcell, argued that the fundamental intellectual problem of British politics in relation to EC entry was that the preservation of national vetoes was being falsely assumed to remove any need to adapt to the "inter-play of levels of Government": intergovernmentalism was assumed to remove all need for new political forms, although it has been seen that it requires transnational policies and processes to dominate, if they are to secure coherence and continuity. Unless Britain was to abandon many of the goals of membership in chapter 1, it was not only supranational integration, but effective inter-governmentalism that required an ability to re-think and re-order domestic politics. Mitchell continues:

"It would be impossible to try to work the Community process subject to detailed control by nine parliaments..for Westminster to attempt to grab back detailed powers of control.. if the aim is to work in the new European-wide

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1. Sasse et al, op cit, P 61.

2. J.D. B. Michell, "British Institutions inside Europe", Round Table, No 249, January 1973.

3. See above PP 106-7.

dimension, processes should be accountable to a parliament that thinks in that dimension... if inter-governmental processes are inefficient, efficiency would be still lower if an inter-parliamentary process were added".

Contemporary writers on British politics and society such as Nevil Johnson and A.H. Halsey suggested that the long dominance of a particular form of political order - that of the sovereignty of the national parliament- inhibited the conceptualisation of alternative principles of arrangement:<sup>1</sup> the low rate of change of institutional and social bondings in Britain encouraged a belief that political forms were hallowed by tradition and not by the functional requirements of changing contexts, domestic or international. Such observations explain the paradox, pointed out by Donald Chapman, of equating the defence of nationhood with the role of Parliament, although the latter was in many ways a compromised political form; 2000 legislative instruments were already made every year under powers delegated to individual ministers and " everyone, except for the House of Commons was consulted on pre-legislative work".<sup>2</sup>

A second institutional issue would seem, at first sight, to have suggested greater willing to reconceptualise political forms . Entry to the EC raised the issue of how to legitimise major foreign policy change that was also constitutional. Many antis claimed that a

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1. Johnson, op cit, P 30. A.H. Halsey, Change in British Society, OUP, London, 1981.

2. The Guardian, 20 October 1971.

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General Election was needed . However, it was soon conceded that elections could not easily be held on single issues in modern politics, especially when the parties were themselves too split to campaign as cohesive entities or offer the electors in each constituency a clear choice of candidates for or against the issue. From this point of view, a referendum was the only feasible instrument of mass consent and the case for its use was reinforced by the fact that British Governments had allowed Gibraltarians to decide their sovereignty by referendum and were considering a similar exercise in Northern Ireland. Indeed, the three other candidate countries to the EC and France were due to decide entry/enlargement by popular vote.

Opponents of referendum argued that it could not be used for a once-off foreign policy change, without facing the implications of its establishment as a constitutional precedent and defining the criteria for its future use. The irony of antis thus implying that parliamentary sovereignty should be tempered was not missed, though the latter replied that a referendum could be consultative only. However, several pros argued that referenda would introduce a mechanism for popular manipulation to British politics. Sir Ian Gilmour, then a Defence Minister, argued that any

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1. Douglas Jay, The Times, 1 August 1970 and The Guardian, 17 June 1971.

2. Neil Marten, The Financial Times, 17 March 1971.

3. The Times, 12 June 1971.

competent draftsman could obtain whatever result he wanted by fixing the question. The Times argued that the timing of a referendum would be in the control of the Government of the day: it would be a device of "pseudo-democratic dialogue", the over-simplification of issues and demagoguery.<sup>1</sup> Roy Jenkins finally resigned from the Deputy Leadership of the Labour Party not on the EC itself, but on the use of a referendum which he condemned as a potentially "powerful instrument against progressive (domestic) legislation".<sup>2</sup>

It might have been useful at this point to stabilise i) definitions of when a change in the relationship between Britain and the EC would be defined as constitutional and ii) procedures for the future legitimisation of this kind of change. The Government, after all, anticipated that further Treaty changes might be needed and acknowledged both explicitly and implicitly in the principle of institutional pragmatism that these could involve authority transfers to the EC level. However, the British political debate of 1970-2 failed to stabilise such principles. The pros' habit of claiming that all change was reconcilable with existing forms and the anti tendency to see all change as moving towards full European integration, did not suggest that British politics was likely to develop agreed classifications for future changes in UK/EC relations. On

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1. The Times, 1 August 1970.

2. The Times, 13 April 1972.

the other hand, the various cases that were made for ratifying future changes by parliamentary decision, election or referendum never succeeded in establishing an identity, free from the perception that actors merely preferred the device that they thought would produce the desired result in the particular instance of EC entry; in short, the debate was perceived as being about expediency, not the establishment of "universally generalisable" principles.

Cognitive theory would predict that any domestic debate to clarify British thinking towards the new relationship would only be as good as pre-existing analytical categories for making good sense of Britain's evolving situation. An interesting critique of British political discourse in this regard has been provided by Nevil Johnson's, In Search of the Constitution (1977). To Johnson, "years of floundering in a world of pure pragmatism" had produced an "atrophy" of <sup>1</sup> "political language". British politics had eschewed the explicit articulation of principles of political arrangement for government by precedents and unstated assumptions. The problem was that it was operating at the very limits of this method, as the changing contexts of Britain's economy, society and international relations demanded institutional renewal. But politicians could only set about analysing the problem and establishing criteria for change if they abandoned the pragmatism on which they had been raised. To Johnson EC entry had been a primary example of:

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1. Johnson, op cit, PP 14-27.

" a psychological aversion to any kind of change that requires the explicit revision of principles...virtually the whole of the opposition to the EC was founded on the fear that we might someday have to behave differently"

From this point of view, the urge to relate entry to continuities in British foreign policy, or as Hill puts it, to give considerable attention to historical example, but little to planning the future, may have been a form of pathology: a displacement activity designed to keep <sup>1</sup> uncomfortable issues of principle out of mind.

The point might be added in the case of EC entry that the transition from years of a foreign policy debate cocooned in elite bipartisanship to a critical domestic debate on the best alignment between British institutions and their international context could not be made in one stride. If there had been an atrophy in thinking about domestic principles of arrangement, the problem was surely even more <sup>2</sup> pronounced in the case of foreign policy. The heavy lacing of the case for entry with security arguments, may have partially reflected the greater ease of mobilising a consensus for change around notions of national security, but Tooze has also analysed the genuine difficulties Britain's elite has found in reconceptualising its external context as one in which British society is caught in a

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1. Christopher Hill, "The Historical Background: Past and Present in British Foreign Policy" in Smith, Smith, White, op cit, P 26.

2. W. F. Hanrieder and G.P. Auton, The Foreign Policies of West Germany, France and Britain,, Prentice-Hall, NJ, 1980, PP 290-5.

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matrix of politico-economic relationships.

As far as the wider public was concerned, the Government felt constrained in its explication of the full meaning of EC membership by, amongst other factors, the need to present its efforts at public persuasion within the existing structuring of popular attitudes. Given the urgency with which public opinion needed to be turned round, cognitive theory would suggest that the public would have just "screened out" arguments that did not address its salient concerns. The advice of Conservative Central Office to Heath was that the public would be most receptive to a well argued economic case.<sup>2</sup> Accordingly, he concentrated on two themes when he made his broadcast in July 1971- neutralising fears of higher prices by raising expectations of higher earnings and tapping the continued salience of the world wars in British culture by arguing that European co-operation would prevent similar tragedies.<sup>3</sup> Neither point provoked thought about the unfolding relationship between Britain, the EC and the international environment.

However, the main "learning opportunity" for the public was provided by the media, rather than the Government. Although, there is no comparable evidence for 1970-2, Table 13 shows

1. Roger Tooze, "Security and Order: the Economic Dimension" in Smith, Smith, White, op cit, PP 124-47.
2. Interview with Edward Heath, December 1988.
3. Broadcast by Heath, 8 July 1971. RIIA Press Lib.

by whom the public considered itself to have been informed during the 1975 referendum campaign.

TABLE 13: SOURCES OF PUBLIC INFORMATION DURING THE REFERENDUM CAMPAIGN OF 1975

Television	83%	Radio	17
Press	71	Official leaflets	15
Friends, family	23	Workmates	12

Source Jowell and Hoinvile, op cit, P 64.

Of the major national newspapers, only the Daily Express was opposed to entry. However, if the 1975 evidence holds for 1970-2, the significance of the press may have been limited by the fact that it was trusted by only 18% of the public, against 66% who trusted television. In fact, the main criticism that media studies made of television was that an excessive desire for balance, rather than debate, contributed to the presentation of all questions in "small, ready-to-hand, stereotyped categories";<sup>1</sup> it was necessary to present all issues as "small bites", in order to move on quickly to make a statement of the contrary point of view. There is some evidence that both the Government and the media under-estimated the boredom threshold of the public. There are also suggestions that many suspected they were being patronised with a trivialised presentation that kept them from an understanding of the full import of what was being proposed. Indeed, there seems to have been a genuine thirst for information with 6,000,000 copies of a shortened version of the 1971 White Paper being collected from Post

1. Jowell and Hoinvile, op cit, PP 77-91. Also Kitzinger, op cit, 1973, PP 331-52.

Offices within a week of publication. It is possible that, once the standard of living issues had been aired, sections of the public may have been ready to move on to a more profound discussion of the meaning of EC entry. There may have been scope to widen public assessments of EC membership from standard living criteria which went unexplored as Government and the media continued with assumptions of the era of elite bipartisanship that the public was uninterested in foreign policy.

Reluctance to debate criteria for how the new relationship should develop may have been compounded by the way in which the under-articulation of conflicting values and principles had long performed important functions in British society. It has been seen how the political game often encouraged the lumping together of conflicting positions and obfuscating formulae. Wallace's comments about "the conventions of informed debate not encouraging novelty or inspiration" and the identification of soundness and solidness as central political virtues reflect the premium that Britain's elite placed on consensus, <sup>2</sup> rather than coherence. Consensus was thought essential to managing substantial, but unarticulated, divisions within British society. As Marquand <sup>3</sup> has put it, "ambiguity and stability went hand in hand". The EC issue was difficult to manage within such a political

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1. Allott, op cit, P 204-6

2. Wallace, op cit, 1976, P 107.

3. Marquand, op cit, 1988, P 185.

culture because it stood at the confluence of so many issues that were beginning to demand clear decisions of principle: how should Britain relate to its external environment ? What principles should structure production and distribution if Britain was to retain a competitive economy ? Should Britain modernise or conserve its society ? The problem may have been exacerbated by cognitive resistance to an excess of simultaneous challenges to core assumptions . Julian Critchley, noted how the Conservative faithful had been required to adjust in a very few years from the notion that Britain looked after other countries to the idea that it could no longer look after itself on its own.<sup>1</sup>

To conclude the last two chapters, the British political game and culture were causes rather than correctives to a lack of value integration. Any entity needs to be adaptive to the structures within which it exists; it is better still if it can influence them. Given that British Government had to respond to international as well as domestic systems - to the political demands of preserving economic competitiveness and diplomatic influence in a world of larger states and multilateral politics - there was a danger that what would be "rational at the international level would be impolitic at the domestic level", so long as the latter was cognitively ill-adapted to transnational politics.

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1. J. Critchley, "Strains and Stresses in the Conservative Party", Political Quarterly, Vol 44, No 4, October 1973.

2. Putnam, op cit, P 434.

### PART 3: BRITAIN'S FIRST STEPS IN COMMUNITY MEMBERSHIP.

An examination of Britain's eventful initiation into the EC will provide a useful test case for hypotheses that were developed earlier in the thesis. The aim will be to continue the story up to the fall of the Heath Government in March 1974, while testing the following cognitive/critical propositions: i) The claim in Part 1 that the assumptions of Britain's foreign policy-makers lacked value integration. There was a failure to specify how the goals of entry and traditional patterns of foreign policy-making would be traded off in the event of conflict between the two; ii) The suggestion at the end of Chapter 3 that the members of the new Community converged from separate conceptual reference points and without establishing intersubjective structures adequate to their several ambitions; iii) The conclusion of Chapter 6 that there was a failure to develop a comfortable relationship between British domestic politics and EC membership; the former were likely to entrench value disintergration in British elite thinking and to present problems of compatibility with such EC intersubjective structures as had formed by the early 1970's; iv) The claim that is made throughout that EC membership is a foreign policy response by middling states to the increasingly fractured and recursive structuring of the operational environment, but that its successful employment to meet this challenge is linked to the ability of individual governments, their domestic constituencies and Community

processes to reach accurate perceptions of how trade-offs have to be made in immediate contexts, while grasping how future trade-offs might be restructured by collaborative action.

If British decision-makers had suffered from cognitive consistency - seeing the EC as a "solution" to Britain's foreign policy problems, when it merely changed the context in which awkward choices would have to be confronted - case studies of participation in the EC should reveal pre-entry assumptions to have been designed to screen out "dissonances", or uncomfortable anticipations of trade-offs that might have to be made to make membership work . The following assumptions are worth examining: that an identity of interest between members of the enlarged EC would result in an easy co-operation: that any adjustments in political forms needed to deliver the goals of British entry could evolve through a process of "institutional pragmatism": that a system of inter-state norms and understandings would prove adequate in the meantime: that Britain would enjoy a "leadership role" in the EC, reducing the compromises it would have to accept in the making of collective agreements. After an empirical introduction, Chapter 7 will be arranged around the testing of these assumptions against the first concrete experiences of EC membership. However, any failure in the pre-entry assumptions of Britain's policy-makers will be shown to illustrate all the theses in the preceding paragraph and not just the first.

CHAPTER 7: HOPES AND DISAPPOINTMENTS: THE PERILS OF INCHOATE FOREIGN POLICY CHANGE.

1. Great Ambitions and Meagre Results: Britain and the European Community: 1970-4.

British entry coincided with one of the periods of great ambition in the history of the EC, as was perhaps inherent in the decision at the Hague to couple enlargement with an economic and monetary union (EMU) and an initiative for foreign policy co-operation (EPC). Moreover, Britain's involvement dated from the end of 1970 and not from the beginning of 1973. From November 1970, meetings of EPC were immediately followed by consultations with the foreign ministers of candidate countries; German Foreign Minister, Walter Scheel, claimed that the differences between these consultations and EPC itself were in practice " very <sup>1</sup> subtle". In May and June 1972, Britain attempted to participate in Stage 1 of EMU by fixing the pound with EC currencies in the so-called "snake". However, this lasted just seven weeks before the Government was forced to allow sterling to float. Although EMU was supposed to progress to a more ambitious and permanent second phase on 31 December 1973, the Heath Government was unable to return the pound to the snake throughout 1972-4.

The Paris summit between Heads of Government in October 1972 was intended as the main point of introduction of new

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1. The Daily Telegraph, 3 December 1970.

members to the programme established for the EC at the Hague in December 1969. The summit was notable for the decision to "transform the whole complex of relations into a European Union" by 1980: the intended completion date for EMU. However, it was apparent as early as Summer of 1973 that the Community was not even going to make a convincing transition to a second phase of EMU by the end of the year.<sup>1</sup> This was a blow to British hopes to develop a European Regional Development Fund (ERDF) and the further liberalisation of continental markets within the EMU initiative. EPC developed more smoothly, in spite of Kissinger's decision to declare 1973 the "Year of Europe", thus raising contentious issues of how European integration, relations with the US and NATO should be related. The Foreign Ministers agreed the "Copenhagen Report" to intensify the EPC process in July 1973 and a statement that attempted to define the EC's identity in international affairs in December 1973.

However, 1973 ended disastrously. The Arab-Israeli war and the related oil crisis brought an end to what little remained of the EMU initiative, while the new habits of co-operation that were supposed to characterise the enlarged EC were unable to restrain unilateral and competitive reactions to the Arab oil embargo. By early 1974, five of the nine members were part of a Deutschmark zone that now included various non-EC countries and eight of the nine were part of an OECD-based International Energy Agency, formed under US

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1. Tsoukalis, op cit, 1977, P 154.

leadership. Immediate exigencies and the slow operation of EC processes even before October 1973 meant that the Copenhagen summit of December 1973 became what Heath has described as " quite the worst summit of all modern meetings", where it had been intended as an informal review of progress since Paris. However, with the exception of intensified procedures for EPC, it did produce the only decision to adjust EC institutions following enlargement. It was decided that Heads of Government would henceforth meet regularly, in what came to be known as the "European Council", to define priorities and finalise agreements in relation to the two branches of Community activity: the EEC and EPC.

## 2. Underestimates of conflicts of intra-EC interest in initial British attitudes to the Community.

The 1971 White Paper had confidently claimed that the goals of entry could be achieved without " any erosion of national sovereignty" and with "unanimous" decision-making by member states, as the latter had " common interests" and the differences between them were " insignificant". However, the case of the Heath Government's attempts to develop important goals of British entry within the EMU initiative showed how unlikely it was that awkward choices would disappear into an identity of interests between member states.

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1. Heath, op cit, 1988, P 200.

2. Cmnd 4715 of 1971, Paras 29 & 32.

An analysis of the different interests of the members of the enlarged EC can be divided into i) operational factors: differences in domestic contexts and in the ways in which countries were locked into the wider international environment that were likely to produce disagreements between member states, whatever the interpretative schemes of individual governments. As Magnifico puts it, attempts to form single policies for the whole EC area are not only complicated by governments choosing different trade-offs between options: they do face different trade-offs. <sup>1</sup> ii) cognitive factors: different preferences or priorities and conflicting interpretations of how economies, societies and international relations work. Keohane has pointed out that decisions cannot be inferred from contexts alone as all choice theory is empirically empty without knowledge of how governments structure their priorities between different <sup>2</sup> options in the contexts they face. Richard Cooper has argued that international co-operation to formulate policies across states and not merely within them " has often been impossible without analytic agreement on means-<sup>3</sup> ends relationships and consensual knowledge".

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1. G. Magnifico, European Monetary Union, Macmillan, London, 1973, P 13.

2. Quoted in Richard Herrmann, " The Empirical Challenge of the Cognitive Revolution", International Studies Quarterly, Vol 32, No 2, June 1988, P 178

3. Quoted in R.D. Putnam and Nicholas Bayne, Hanging Together: The Seven Power Summits, Sage/RIIA, London, 1977, P9

Britain's abortive participation in EMU was plagued from the start by a conflict of priorities between Britain, France and Germany. For Pompidou, a cohesive EC currency bloc presented the first opportunity for thirty years for Europe to insist on the reform of an international monetary system, which the French Government perceived to be loaded in favour of the power and wealth of the US. For Heath, EC entry represented the first opportunity for fifteen years to reverse Britain's relative decline and EMU could not be allowed to get in the way of this objective. As the Economist Intelligence Unit put it, the Britain Government felt that it needed flexible exchange rates to "achieve a stable and expanding economy that will withstand competition from the Community as Britain becomes more interlocked in the EC system".<sup>1</sup>

The March 1972 budget accordingly pumped 2% of GNP into the economy, although Britain was due to enter the snake from the end of April. As a result, Britain's membership of the snake lasted just seven weeks before the Government was forced by a simple lack of reserves to allow the pound to float. Moreover, there seems to have been a conscious decision to give priority to the interests of Britain's domestic economy over steady progress towards a second stage of EMU by 31 December 1973. Barber had told the Commons in his 1972 budget speech that "it is neither necessary nor

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1. European Trends, The Economist Intelligence Unit, No 35, May 1973, P 4.

desirable to distort domestic economies..in order to retain  
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unrealistic exchange rates".

Attempts to return Britain to the snake only led to a conflict of priorities with the German Government. To square a fixed pound with continued domestic expansion, the Heath Government came to demand i) a generous regional policy,  
2 sufficient to counter the law of uneven development, and ii)  
access to the currency reserves of other member states "  
without limits of amount, without conditions and without  
3 obligations to repay or guarantee". In practice, this would mean unlimited Deutschmark supports for sterling and increased German subventions to the EC. However, German priorities for EMU initiative were not to extend German liquidity to allow other members to run more expansionary policies, but to construct new mechanisms and rules that would establish German disciplines as the common standard of economic management, in order to prevent the integration of markets and currencies transmitting the effects of un-  
4 neighbourly national policies throughout the EC.

Moreover, these differences of priority and perception were stubbornly rooted. They could not be readily abandoned, as

1. Frank Blackaby, ed, British Economic Policy: 1960-74, CUP/NIESR, London, 1978, P 62.

2. Above P 79.

3. European Trends, The Economist Intelligence Unit, No 35, May 1973, P 4.

4. Kruse, op cit, PP 48-9.

they reflected conflicting core beliefs about the ways in which the state/society/economy relationship ought to be organised and these were deeply grounded in the differential experiences by which national elites had assumed responsibility for economic and welfare questions.<sup>1</sup> Entire complexes of economic belief, spanning the distance from varying perceptions of international political economy to microeconomic issues of how best to treat individual producers, were also engaged in disagreements about the shape of an economic and monetary union for the EC. The oft-cited example of this was Anglo/French preference for economic management geared to full employment, in contrast to a German preference for the control of inflation. But two further conflicts are instructive. Lord Armstrong recalls that it was under the influence of economist Jacques Rueff that the French Government pressed the EC to accept a perspective of global economic relationships as an ingredient of inter-state competition for international power.<sup>2</sup> By contrast, the Keynesian tradition led British Governments to emphasise the importance of a co-operative relationship with actors outside the EC. On the other hand, Britain's disagreement with Germany on regional policy partly reflected conflicting microeconomic paradigms. Long experience of dealing with an economy with regional

1. P.J. Katzenstein et al, Between Power and Plenty: Foreign Economic Policies of Advanced Industrial States, Wisconsin University Press, 1979.

2. Interview with Lord Armstrong, January 1989.

3. See above P 74.

disparities, had made the law of uneven development axiomatic to British decision-makers. By contrast, a more homogeneous economy and a successful market-led recovery from the war, led German actors to view regional policies as counter-productive to the extent that they retarded the reallocation of resources by obscuring market signals. D.C. Kruse's study of EMU thus rightly stresses the limits to co-operation that arose from "different conceptualisation of the relationships between the variables.... and of policy instruments".<sup>1</sup>

But why were insufficient intersubjective structures - shared meanings and norms - to manage economic and welfare questions at the EC level a problem for the British Government ? Surely it was the French who wanted to fix currencies and the Germans who sought to co-ordinate economic management, while the British just wanted to integrate markets ? The exact economic goals of British entry might be re-stated from Chapter 1 as follows: i) the operation of EC states as a bloc actor in international economic negotiation ii) sufficient transnational management of interdependence to promote technological collusion, to ensure the openness of the continental market in the age of the non-tariff barrier and to correct the " law of uneven development" between regions iii) a rise in the long-term growth potential of the British economy as a result of an immediate stimulus on entry. The technical inter-relatedness

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1. Kruse, op cit, P 197.

of economic variables would combine with the political demands of EC coalition-building to require that progress could only be made towards the British package in the context of agreed priorities and analyses across a far wider front of decision-making than British Governments seem at first to have appreciated.

The snake was intended to provide the EC with the desired bloc negotiating leverage in pending talks on international monetary reform. EC parities would have to be renegotiated en bloc, while outsiders would be encouraged to convert out of other currencies if EC parities became a better "store of value" by fluctuating by only half the international norm.<sup>1</sup> However, the British experience showed that the snake could only thus become a source of bloc bargaining leverage if fixed currencies were given priority over domestic economic management; even if members' domestic policies were not integrated by explicit transnational co-ordination, they would have to be integrated by a process of mutual adjustment to the priority of preserving a matrix of fixed exchange rates. The British Government soon realised that this would also have distributive implications, requiring EC action to compensate the disadvantaged, as some countries and regions needed discretionary economic management more than others. The assumption that the EC could become an effective international actor without implications for the

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1. Tsoukalis, op cit, 1977, P 122.

integration of intra EC policies had been shown to be false.

On the other hand, the Heath Government was unable to make much progress towards the further opening of European markets - which it had admitted to be a key to its ambition to doubling the underlying growth rate of the British economy after entry - without progress on currencies and co-ordination of economic policies. Strange has argued that the integration of markets will be technically neutralised and politically unstable, unless it rests on a substratum of agreement about monetary economics.<sup>1</sup> Unless currencies continuously settle at a rate uninfluenced by governments or speculative flows, they fragment markets in just the same way as tariffs: perhaps more so, as their fluctuations add an uncertainty premium, breaking any equivalence between transactions within and across political boundaries. The political side of Strange's observation is borne out by the fact that Heath managed to launch a raft of measures for market liberalisation at the Paris summit in October 1972, only to find that these failed to make progress as the Germans lost confidence that there would be sufficient co-ordination of economic management to allow further market integration without inflationary impulses being transmitted through the EC area and the French lost interest in an EMU initiative that seemed increasingly unlikely to respond

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1. See P 93.

2. Susan Strange, " Interpretations of a Decade", in Loukas Tsoukalis, ed, The Political Economy of International Money, Sage/RIIA, London, 1985, P 39.

to their priority for fixed currencies.

Analysis of European co-operation often employs the economic notion of an "optimal policy-making area".<sup>1</sup> The attraction of the EC as a policy-making area for Britain would be positively related to its greater coextensivity with causal influences over the variables which governments wanted to control, but it would be negatively related to any dilution of British preferences that would be technically necessary to manage the interdependent, yet diverse, economic conditions of EC countries as a single complex and politically necessary to form a coalition of states for common action. By ignoring the negative side of the equation, British policy-makers had been simplistic in claiming that the EC was already an optimum policy-making area. In economic and welfare matters, EC intersubjective structures were still inadequate to allow member states to form commensurable priorities or assessments of the effects of their actions; to the extent that British goals depended on collective action, EC processes would only be able to deliver this by compromising someone's preferred economic or social policies: in this sense, they would have to be more coercive than anticipated. There was as yet no identity of interests on which an easy co-operation, free of awkward choices, could be grounded. But the notion of a policy-making-area is static. Political processes can promote convergence in both the circumstances and interpretations of

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1. Magnifico, op cit, PP 43-50.

their component units. Thus the full charge that British foreign policy assumptions towards the EC were inchoate at the time of entry can only be proven if the events of 1972-3 showed that they were unlikely to aid the evolution of the EC in the direction of greater value integration: of a progressive fulfilment of the prophecy that there would be no need to trade off values to attain the goals of entry. The related assumptions that EC institutions could evolve "pragmatically", while EC-based codes of inter-state co-operation could progressively improve the relationship between political decentralisation and collective effectiveness, were intended to perform just such a role.

3) The Poverty of "Institutional Pragmatism".

Jobert recalls that the British approach of "institutional pragmatism" governed Community thinking on political structures in the early 1970's. When, in preparation for the Paris summit, the Foreign Ministers of the Nine came to respond to the Commission's plea that the Community's institutions should be re-appraised on enlargement, Benelux proposals to strengthen the Commission and European Parliament and to reintroduce majority voting were rejected for Home's argument that the Community should avoid grand designs for institutions that would, in any case, take a quite unpredictable form by 1980. Before returning to the

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1. Interview with Jobert, The Times, 14 December 1973.

2. Le Monde, 28 May 1972.

discussion of EMU, it will be helpful to define institutional pragmatism more closely, to analyse its application to EC decision-making at the prompting of the Heath Government and to discuss it in relation to another primary goal of UK entry: foreign policy concertation.

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It is worth referring to the above account of Heath's views, while bearing in mind the following claims that were made for institutional pragmatism. First, by holding "theological arguments" in suspense, progress could be made via a whole series of packages on which members were agreed in fact, even though they disagreed on the principles that they represented or on the end-states to which they were tending. Second, that there was a great deal of unexploited potential in the institutional status quo and this could be tapped by more efficient methods before there was any need to propose changes that would provoke arguments of principle. Third, even then, such arguments would not be strictly necessary as all kinds of flexible and experimental forms of collaboration could be adopted and <sup>n</sup>abandoned without anyone feeling that his preferred future had been foreclosed.

For reasons that are familiar, the successful launch of EPC can be claimed as a vindication of institutional pragmatism <sup>2</sup> in the early 1970's. Although there was a period when some

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1. See above PP 102-3.

2. Philippe de Schoutheete, La Cooperation Politique, Europeene, Labor, Brussels, 1980.

considered it a threat to the Commission and supranational options for EC development, it generally managed through its loose, decentralised, non-obligatory nature to avoid offence to the defenders of state sovereignty, while convincing integrationists that it could perform a useful role, pending the development of conditions more propitious to agreement on final structures for a united Europe. Indeed, it was only when members sought to relate concrete initiatives to broader principles of arrangement that EPC ran into trouble. Otherwise, even as early as 1970-4, EPC became progressively more sophisticated through a flexible attitude to experimentation; where experiments became permanent it was not because they were derived from first principles, but because they evoked memories of past successes.

On the other hand, the early 1970's shows how the limitations of EPC were also those of institutional pragmatism. Foreign Services might not have been so flexible in pooling their information and assessments if they had not been on the defensive about their roles and status within national governments. By definition, not all agencies can be losing power within their own governments at the same time - and thus be open to defensive transnational coalition building. Moreover, EPC did not so much avoid questions of institutional principle, as seem to do so. Without press briefings on its operation,<sup>1</sup> member governments found it

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1. De Schoutheete, op cit, P 50.

easier to combine multilateral concertation with the appearance of national foreign policy-making, while, by contrast to reactions to EMU, few noticed that EPC had implications for parliamentary sovereignty. EPC only seems to leave the sovereignty of the state undisturbed because it does not involve integration through institutions. However, chapter 3 showed that EPC is either episodic, or sufficiently integrative of national policies and processes to trace out coherent and sustained efforts to influence the international environment. A pragmatic failure to clarify this basic criterion led to the British Government being much more at cross-purposes in its use of EPC during 1973 than has hitherto been realised. In terms used by Panayotis Ifestos, there was a two-way pull between Heath's interpretation of EPC as a process of common foreign policy-making and Home's perception that it was a means for the makers of separate foreign policies to consult.<sup>1</sup>

Given Heath's view that the EC was in the process of turning itself into a new international actor, he was much more likely than others in the British Government to perceive Kissinger's "Year of Europe" as an attempt to exercise a "supervisory role". Indeed, he accepted the Pompidou view that Kissinger had given the game away by i) proposing that Western Europe and the US should negotiate all diplomatic,

1. Panayotis Ifestos, European Political Co-operation: towards a Framework of Supranational Diplomacy, Gower, Aldershot, 1987, P 252.

economic and military matters in tandem, and ii) suggesting that the EC would only ever be a regional power in contrast to US responsibility for global order. Here was an attempt to embed the EC in a US system of priorities, to penetrate its efforts to formulate policies of its own, to make US defence of Europe a "fungible" source of power over all other issue areas and to hijack the bargaining chips that could be used to create a European diplomacy for Kissinger's own Grand Design, which depended crucially on tying the USSR and China into an elaborate web of incentives and <sup>1</sup> restraints, capable of precision control by the US. Heath considered the "Year of Europe" a massive impertinence, similar to his "standing up in Trafalgar Square and declaring a Year of America". His suspicions were sharpened when a comparison of notes between Armstrong and Jobert suggested that Kissinger was offering both Britain and France some sort of leadership role in EC/US relations in <sup>2</sup> exchange for advancing the initiative. However, Home and the Foreign Office considered that the priority was not to sustain EC solidarity at all costs, but to maintain a balance between the American and European circles of British <sup>3</sup> diplomacy. There was at least a difference of tone and signalling between Heath and Home statements within a very few days of each other that "successive US Administrations

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1. Heath note to Kissinger and Jobert conversation recounted in Henry Kissinger, The Years of Upheaval, Weidenfeld / Michael Joseph, London, 1982, PP 171-3.

2. Interview with Edward Heath, December 1988.

3. Interview with Lord Greenhill, January 1989.

have accepted that the price of foreign policy co-ordination would be that European and American views would not be identical" (Heath) and " Europe does not intend to become a third force between the superpowers, but a second force on the side of the US".<sup>1</sup> (Home) Moreover, the latter statement was made just after the Nine had agreed their response to the Year of Europe by issuing their declaration of European identity. Although the latter contained a clause that stressed the need to develop the EC in a fashion acceptable to outside powers, it nevertheless was an attempt to announce the EC's aspirations to a distinctive role in international affairs. Home's statement thus raises an issue that Ifestos rightly claims to have been muddied by pragmatic reluctance to define operational principles for EPC: should member states embody EPC declarations into their own individual statements and assumptions, so that the former become a kind of "acquis politique" ?<sup>3</sup>

Indeed, wider processes of British Government failed to adopt the principle urged by Heath that EC members should only deal with outsiders after co-ordinating positions between themselves. Kissinger reacalls that " Home and the Foreign Office were still following more established habits of collaboration ( with the US) and did their level-best to hide their Prime Minister's foot-dragging" . Kissinger

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1. Interview with Heath, The Guardian, 5 December 1973.

2. The New York Times, 14 December 1973.

3. Ifestos, op cit, P 264.

himself looked to bi-monthly meetings with Heath's own Cabinet Secretary to keep US/UK relations on an unchanged basis.<sup>1</sup>

Pragmatists often claim that EPC can avoid defining desirable patterns of arrangement for international politics or even questions of its own identity and role, as member states only need the mutual protection of a reactive mechanism; they can and should avoid attempts to reconstruct the international environment. The Heath experience illustrates the shortcomings of this view.

Heath had long been personally anxious about the possibility of an oil crisis. In early 1971, he told Brandt that "if the Arabs were agreed on anything, it was that the West should be subjected to permanent blackmail".<sup>2</sup> He then went on to press for a common energy policy at the Paris summit of October 1972. However, the Nine remained unprepared a year later. The problem was that even effective "reactive" politics required decisions on principles of arrangement. In April 1973, the Commission had recommended that the Nine should form a consumers group with other oil importing countries in the AIC area,<sup>3</sup> but the French, and initially Heath, were later to consider this a provocation to the Arabs and a concession of a supervisory role in EC affairs

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1. Kissinger, op cit, 1982, P 143.

2. Brandt, op cit, PP 466-7.

3. Ifestos, op cit, P 423.

to the US. Perhaps even more important was the absence of clear definitions of Community obligations. This meant that individual efforts to defend national interests were also those most likely to compromise the collective interest of <sup>1</sup> the EC. Moreover, reactive and proactive politics may not be separable: one may require the other. The Arabs had an interest in the success of the EC to the extent that it was an alternative economic partner to the US and it succeeded in establishing a prototype and role for mechanisms of <sup>2</sup> diplomatic concertation in international politics. But this required decisions on the independence of EPC positions and on the relationship between economic power and diplomacy. Indeed, by contrast to the pragmatic hope that, given enough time, forms and principles can evolve imperceptibly and thus non-contentiously, both Kissinger and the Arabs showed that the very act of forming a new transnational arrangement such as EPC is likely to lead outsiders to test its meaning. Home expressed the forlorn hope of the pragmatist as follows:

" We would have preferred a different time scale for the Community of the Nine to shake down and find its way to common positions". <sup>3</sup>

In EEC matters, the Heath Government made suggestions to support its claim that decisions of institutional structure and principle could be avoided by simply making existing

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1. Below PP 358-9.

2. David Allen, " The Euro-Arab Dialogue", Journal of Common Market Studies, Vol XVI, No 4, June 1978.

3. Kissinger, op cit, 1982, P 734.

arrangements more efficient . In the early 1972, Pompidou may have believed that British entry created the right moment for an assault on the Commission's role. He told the Belgian Government that EMU could be developed without a <sup>1</sup> Community framework: if all members fixed their currencies irrevocably, they would be compelled to adjust their separate economic policies one to another. In the event that there might still be some need for communications to ease adjustments, Pompidou suggested a kind of extreme intergovernmentalism: each government would appoint a cabinet minister to take part in a management committee that <sup>2</sup> would sit, if necessary, in permanent session.

However, Heath regarded the relationship between an initiating, mediating Commission of impartial experts and a Council of states with vetoes as ingenious pragmatism that reconciled collective effectiveness with state sovereignty.

He thus wrote of the need for:

" a balance between three kinds of EC institution: those through which national control can be exercised, independent Community institutions and those through which a popular voice can be expressed". 3.

Where Pompidou had argued that the EMU programme should be simplified to the fixing of currencies in order to keep it within EC institutional capacities, Heath took a very different approach at the Paris summit. It has been seen

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1. The Times, 8 June 1972.

2. Le Monde, 30 March 1972.

3. The Financial Times, 1 January 1973.

that he was active in suggesting a wide range of initiatives for the Community to research, develop and agree before 31 December 1973. He was thus determined to improve the workings of the Commission and Council, rather than scale down policy goals. He proposed that both bodies should be given more rigorous and co-ordinated programmes of action with a precise timetable of deadlines for the submission of reports and the making of decisions.<sup>1</sup> He argued that the Commission would become far more effective if everyone followed his example of appointing senior politicians with authority and good access to national governments. In the Council of Ministers, Home urged the strengthening of low level decision-making so that Foreign Ministers could concentrate on defining priorities and directions. Heath also opposed Pompidou's scheme for the creation of European Ministries in each member state on the grounds that all departments of national governments should communicate directly with counterparts.

However, little progress had been made by the eve of the review summit scheduled for December 1973. The grand ambition of Paris contrasted with the tendency of each initiative to disappear into very minor, even trivial proposals, as everything that might have caused disagreement was stripped away. During 1972-3, the creation of a common regional fund became a primary goal in Heath's European policy. However, when the Commission came up with proposals

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1. The Guardian, 23 October 1972.

it was for a fund of only 400m. A proposal, which might have helped Britain, that 20% of all member reserves should be pooled was first cut back to 10% and then transmuted into nothing more than a "book-keeping" mechanism for states to settle currency debts through the EC.<sup>1</sup> When, in March 1973, the Commission put forward proposals for a second stage of EMU, they were actually more permissive than the first stage. Meanwhile, several of the working groups on new policies that Heath had urged at Paris either failed to report, mired down in disagreements or ceased to meet altogether. The latter category included discussions on a common company law, which the British Government had considered essential to its plans for a more open continental market.<sup>2</sup>

Points of contention, however minor, tended to be pushed to the highest layer of inter-state bargaining available. Even with the pressing agenda of problems at the end of 1973, a meeting of the Finance Ministers had to concern itself with the issue of tobacco imports.<sup>3</sup> However, high level meetings were both infrequent and vulnerable to interruption by current exigencies. Heath has shown how little of the time was spent at the Copenhagen summit of December 1973 reviewing the progress of the Community since October 1972 once the Arab foreign ministers "announced that they were

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1. Kruse, op cit, PP 142 & 203.

2. The Sunday Times, 30 December 1973.

3. The Guardian, 6 December 1973.

going to take part in the conference":

" we spent the morning of December 14th deciding whether or not to meet them...we spent the afternoon discussing what our Foreign Ministers should say to them.. the next morning we met with nine very tired Foreign Ministers".

When it came to preparing a communique, all that the officials could, therefore, do was to write " down the views of their countries on every subject and pin them together..we were faced with this to approve as a  
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communique"

As with EPC, it would prove far more difficult than the UK Government had expected to make progress without confronting issues of institutional principle. Heath's own approach at Paris had shown that any UK goals for EC membership would have to be rolled up into a package sufficient to keep all members interested. But this clearly required agreed processes of low-level decision-making, as package deals were likely to break down if all items had to pass through the narrow bottle-neck of high- level decision-making. Agreed low-level processes would have to be capable of overriding cross-cutting standard operating procedures and institutionalised assumptions in national governments: they required decisions on principles and practices of integration. Heath had looked to an energising Commission to overcome problems. However, the effectiveness with which the Commission could play an initiatory role could not be separated from the issue of national vetoes. Helen Wallace's

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1. Heath, op cit, 1988, P 200-1.

research into how the Commission drew up a proposal to meet Heath's strivings for a regional policy supports the hypothesis that, so long as the Commission needs to anticipate a single recalcitrant on any issue, it would not base its proposals on criteria for effective policy-making, but on "soundings" to discover the lowest common denominator <sup>1</sup> of what was negotiable between states.

A particular disappointment to Heath was that institutional pragmatism made it hard to make EPC diplomacy "operational", as opposed to merely declaratory. As Heath failed in his personal hopes of integrating EPC with the security relationships between EC states, he increasingly looked to the deployment of the EC's economic strength across the EC/EPC divide to create a new international actor. In June 1973, Britain's First Permanent Representative in Brussels, Sir Michael Palliser, warned of the dangers of diluting the EC by creating too many decision-making centres, when diplomacy and economic policy required a mutually helpful <sup>2</sup> relationship. Where Pompidou had fiercely opposed the creation an EPC Secretariat in Brussels on the grounds that its members might become socialised into the Commission's way of thinking, Heath felt that would be just the kind of synergy needed to make the Community work. However, the

1. Helen Wallace, "The Establishment of the Regional Development Fund: Common Policy or Pork Barrel" in Helen Wallace, William Wallace & Carole Webb", Policy Making in the European Community, Wiley, London, 1977 Edition.

2. The Daily Telegraph, 8 June 1972.

failure to resolve this point meant that a Secretariat was not created at all.

Institutional pragmatism often attempts to evade contentious principles of political arrangement by implementing alternative approaches in parallel. Caught between a highly defensive British parliament in the immediate aftermath of entry and German and Dutch reluctance to proceed further with policies from which Britain might benefit without a strengthened European Parliament, Heath supported the Vedel report of 1972. He believed that a strategy that satisfied the supporters of both national and EC parliaments could be run in parallel for the foreseeable future. By drawing the membership of the European Parliament from members of national parliaments who chose to specialise in EC affairs, the former could win an important constituency in what were by nature competitor institutions. By expanding the tasks of the European Parliament before direct elections, its relevance could be made clearer to the public. In many ways, these were sound political judgements, but it was clear from the Vedel report that they only postponed choices of principle. Vedel suggested that the Parliament's functions should be gradually expanded from limited rights of delay to full powers of co-determination with the Council on completion of EMU. But at what point along this continuum would the Parliament have to become directly elected and might it then claim a superior legitimacy over both national and other Community bodies as the only elected

institution capable of representing the interest of the EC as a whole ? Could the EC really expand its tasks while solving clashes of institutional principle by adding further veto holders ? If not, would other veto holders in the Community constellation have to lose out to accommodate an effective Parliament ?<sup>1</sup>

It is now worth returning to the EMU initiative to ask if pragmatism was likely to provide an evolutionary solution to obstacles presented to EC co-operation by short-term diversity of interests and alternative preferences for political end-states. During 1972-3, Britain, its partners and the Commission attempted to launch several packages in order to develop their several economic goals through EMU . Reflecting the need to handle economic relationships as a complex in order to deal with the technical inter-relatedness of the variables and the political demands of coalition building, they kept returning to a package with much the same minimum mass: "fixed but adjustable exchange rates", attempts to devise growth and inflation goals for each EC state and to subject economic management to mutual criticism, study groups on market liberalisation, regional policy and reserve pooling. Such approaches acknowledged the need for co-operation to deal with extensive economic variables, but they were pragmatic in their minimal

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1. David Marquand, Parliament for Europe, Jonathan Cape, London, 1979, PP 191-2.

2. See above P 333.

specification of obligations or of end -states.

However, any package of non-obligatory deals pinned together from disparate economic perspectives would need "systemic" qualities to survive, no less than a strategy that put its money on a single economic paradigm or institutional structure in the first place: there had to be clear agreements on corrective mechanisms to return the package deal to equilibrium,<sup>1</sup> in the event of any unexpected disturbance from either the international environment or domestic economy of any member. But this in turn took the member states right back to the specification of priorities and obligations- the very points of principle that the pragmatic approach had sought to avoid. The two most important attempts that were made to put the British economy on a sufficiently convergent path to allow it to participate in the EMU initiative can both be seen to have broken down within weeks as the members of the enlarged EC were forced either to allow their economies to diverge, or to let some of their number fall out of the initiative for fear that it could not meet their goals, or to push EMU on to an entirely new plane of obligation, permanence and institutional development.

When Britain entered the snake in May 1972, it had been hoped that a mutually reinforcing relationship could be

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1. R. Lieber, Theory and World Politics, St Anthony's/Allen and Unwin, London, 1972, PP 120-4.

established between the convergence of members' economic policies, the harmonisation of their subsisting economic situations and the progressive narrowing of margins by which their currencies would need to fluctuate against each other. However, Britain's inclusion was probably hopeless so long as the following principles were unresolved and the markets knew them to be unresolved: the Heath Government's complete discretion to pursue the domestic policy of its choice, the status of snake currencies as "fixed but adjustable" and the under-cutting of the idea of collectively defended currencies by the need for members to settle their reserve debts at the end of each month. On the other hand, none of these issues could be conclusively settled until they all were: the member states were in a kind of prisoner's dilemma, in that each found there was at least one area in which it could not afford to enter a binding obligation, unless it could be sure that partners were tied in to obligations on other issues. The Heath Government felt that it could not fix the pound irrevocably without transnational transfer payments sufficient to overcome any operation of <sup>1</sup> the law of uneven development. The German Government felt that it could not allow other members to use its reserves to protect their currencies before clearer obligations had been defined to prevent German credit being used to loosen counter-inflationary restraints in the EC.

These same patterns recurred when a second attempt was made

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1. "European Trends", EIU, op cit, No 35, May 1973, P 4.

in December 1972 to create the conditions that would allow Britain and its partners to go ahead with the second stage of EMU from 31 December 1973. The package was soon challenged when a massive outflow from the dollar in February-March 1973 drove the pound and the mark further apart. EC Governments were once again forced to consider the issues of principle needed to keep their package of policies together. Heath responded by suggesting to Brandt that the Nine should move straight to the creation of a central bank which could deploy the collective reserves of member states <sup>1</sup> against speculative flows.

However, the extension of credit to other EC members once again formed the point at which Bonn's complex bureaucratic politics would demand binding obligations of transnational economic management. The obligations that Britain might have been asked to accept to obtain reserve pooling from Germany can be deduced from a combination of the German Government's own Schiller plan of 1970 and the Commission's opinion of 1973, outlining the variables that the members would have to handle in concert if they were to fix their exchange rates and achieve a neighbourly management of their interdependence : i) a central bank that would operate on the Bundesbank model as an independent technocratic body, free of either national or Community political interference, to go well beyond the Heath aim of pooling currency reserves to fix domestic interest rates and credit expansion

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1. Heath, op cit, P 203.

(Schiller Plan): ii) a rolling programme of targets for the deflationary/ reflationaly stances of member budgets together with the progressive harmonisation of methods of economic management so that these would have similar effects on competitive conditions throughout the EC. (Commission proposals). These might also have had to be decided by majority voting: i.e. if a member was sufficiently un-neighbourly, an economic policy might be imposed on it by <sup>1</sup> majority vote. (Schiller)

Common policies might at least have needed sufficient initial obligatory force and clarity of definition to be injected into the idiosyncratic vortex that each member faced between its internal and external environment, in such a way as to stabilise the situation and prevent further divergence. Divergence will create a wider dispersion about the EC average and thus raise the costs of transitional measures to bring members back to the point at which they can act in tandem to secure any benefits of collective action. In the case of Britain and EMU 1972-3, the UK was in a vortex of domestic inflationary expectations, a currency with an overhang of liabilities and a depreciating exchange rate, while Germany enjoyed a virtuous circle between price stability, the increasing popularity of Deutschmark assets and a rising currency. However, EMU became a receding target as it failed to deal with these conflicting vortices. The average annual inflation differential between Britain and

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1. Kruse, op cit, 67-9 & 160

Germany rose from 1% between 1959 and 1968 to 5%, when Britain was supposedly moving towards a second stage for EMU between 1972 and 1974.<sup>1</sup> The example of the stabilisation targets that were agreed between Finance Ministers in December 1972 illustrates the heavy transitional costs that Britain would have had to bear to return to a position in which it could have operated a common policy with its new partners. Targets for monetary expansion to get Britain back on course for the second stage of EMU were set at 8% for 1973; even with rising interest rates, credit eventually expanded by 31%. Where early stages of EMU were intended to buy time while members socialised their priorities and analyses of how a common policy could be made to work, the prospect of mounting costs of adaptation to a common policy acted as an incentive to proliferate excuses for not participating in the policy and a source of argument as to how transitional pains should be distributed.i.e. it caused reverse socialisation.

Brandt's reaction to Heath's proposal of March 1973 to pool reserves had, in fact, been to counter-propose a common float, which would have been an even tougher discipline for the British Government than the snake, which it had been forced to leave a year earlier; the domestic economies of Britain and Germany would have had to be managed with sufficient similarity for the pound to follow the mark

1. Yao-Su Hu , Europe under Stress: Convergence and Divergence in the European Community, Butterworths, London, 1982, PP 11-3.

upwards against the dollar. However, France and the smaller members did enter a common float with Germany, illustrating a further danger of pragmatic, ad hoc approaches. For a few months, France and Germany became relatively "satisfied powers" within a more inclusive grouping that may have removed some of the pressure on them to keep a package deal in play that would apply to the whole EC and deliver British goals. The Heath Government certainly ran into enormous difficulties in its attempts to discuss further market liberalisation and an effective regional policy with the German Government during the course of 1973.

In the event, the common float broke down with the oil crisis, but it had briefly illustrated a further danger of fragmentation posed by institutional pragmatism. As efforts switch away from transforming the whole complex of relationships to voluntaristic packages of flexible membership, those who are better placed to go ahead with an initiative at the time form a more inclusive grouping which may later become hard to enlarge as i) the increased divergence in technical conditions between insiders and outsiders means that someone has to accept short-term transition costs ii) insiders become relatively satisfied and develop a complex of bargains between themselves that is costly and uncertain to multilateralise. As this was a salient fear in Heath's own interpretation of the

1. Helen Wallace and Adam Ridley, Europe: the Challenge of Diversity, Chatham House Papers, No 29, RKP/RIIA, London, 1985.

relationship between Britain and the EC, the rather bizarre inclusion of a commitment in the Queen's speech of 31 October 1973 to go ahead with a second stage of EMU, when Britain had scarcely participated in the first stage and most other members had given up on the initiative during the summer of 1973, perhaps indicates Heath's own restlessness with institutional pragmatism by the end of 1973.

The chances of collaboration were also under-cut by attempts to suspend reflection on end-states: the final principles of arrangement, to which discrete acts of European Co-operation could be seen as tending. The failure of actors to form compatible expectations in this regard will not be a problem where compensations can easily be arranged for unwanted outcomes, or where actors are confident that outcomes will be free from indivisibilities or irreversibilities in the allocation of core values. However, British attempts to develop goals through EMU shows how attempts to mediate economic and welfare policies through the EC are likely to be afflicted by just such problems. British hopes for a significant regional fund and further market liberalisation were ground between contradictory French and German expectations of where the whole EMU package was leading. On the one hand, Bonn feared that the initiative would become stuck at some point along its planned trajectory at which

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1. Observer Foreign News Service, 31 October 1973.

2. J. De Van Graaf, Theoretical Welfare Economics, CUP, London, 1957, PP 116-22.

German resources would be "plundered" for Community policies, interdependence would be increased without the introduction of new economic disciplines and no institutions would exist to satisfy those Germans with a preference for supranational integration or for methods of democratic accountability co-extensive with the whole politico/economic complex in the EC. But the German Government was unable to present proposals to assuage these fears without provoking French anxieties of cumulative integration towards supranational forms.

The lesson was that preferred institutional configurations and questions of who would be net financial contributors were perceived as containing considerable indivisibility and irreversibility. Pragmatic under-statement only led to expectations of outcomes for core values being conditioned by the worst-case imaginings of individual governments, where a more explicit debate might have initiated progress towards more consensual views of how the EC should develop, under pressure of the knowledge that the alternative would be collective ineffectuality. The irrespresible tendency of actors to judge all specific proposals as contributing to general evolutions for their core values created a reverse situation to that suggested by pragmatists; instead of the holders of conflicting values being able to make substantial progress in parallel, they found it hard to deal with even relatively small issues - such as British goals for an ERDF and further market integration- without stabilising their

perceptions of exactly what precedents they were establishing: views of whether the package would unleash wider dynamics than intended, or stall in some incomplete condition. Institutional pragmatism worked against an evolutionary solution to the problems of co-operation because it precluded sufficient initial definition of obligations, or stabilisation of expectations. This analysis will now be continued in relation to the hope that problems of collective action needed to secure the goals of UK entry could be eased by emergent collaborative codes.

#### 4. The disappointment of British hopes that the European Community would function as an effective "regime".

It has been seen how members of the Heath Government hoped that a system of inter-state understandings and standard working practices would "balance integration with continuing national consent" (Rippon). International Relations Theory has developed the term "regime" for norms, rules and procedures around which actor expectations converge. Robert Axelrod has shown how actors can build up whole ecologies of co-operative norms and expectations through precedents established in individual game plays. Keohane has argued that as such codes emerge, inter-state co-operation need no longer be confined to a chance

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1. See above PP 100-4.

2. S.D. Krasner, ed, International Regimes, Cornell University Press, London, 1983.

3. Robert Axelrod, The Evolution of Co-operation, Basic Books, New York, 1984, PP 169-92.

coincidence of short-term interests; it can begin to ground long-term, coherent initiatives.<sup>1</sup> In predicting that European co-operation would develop, like the British constitution, through a series of conventions, UK policy-makers saw such a process as an extension of institutional pragmatism. Apart from allowing collective effectiveness to be reconciled with the continuing political decentralisation of the EC into a system of nation states, co-operation would become progressively easier through an evolutionary system of precedents that would avoid arguments about first principles. Some of the problems identified above - conflicting perceptions of cause: effect relationships, insufficient definition of Community obligations to support continuous and complex EC initiatives, non-commensurable expectations of end-states - would disappear with the strengthening of intersubjective structures in the EC. In this vein, Haas has argued that regimes may provide an "evolutionary epistemology" between co-operating states.<sup>2</sup>

However, it will be argued here that an evolutionary development of shared meanings and norms could not overcome the deficiencies of institutional pragmatism, as it was the

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1. See above P 107.

2. J. Galtung, "Expectations and Interaction Processes", Inquiry, Vol 2, No 4, Winter 1959, P 229.

3. E. Haas, "Words can hurt you: or who said/ to whom about Regimes" International Organisation, Vol 36, No 2, Spring 1982, P 208.

very outcome that was inhibited by pragmatism. Moreover, the failure of British policy-makers to realise this contributed to the disappointment of hopes that the EC would respond to enlargement by making a new start in the direction of strengthened regime characteristics. First, it is useful to develop two cases of regime failure during the Heath period.

When the Arab states embargoed oil at the end of 1973, they split oil consumers into three categories. This presented a particular challenge to the EC states, as some of their number were placed in each group. <sup>1</sup> Britain and France were considered sufficiently sympathetic not to be embargoed at all, the Netherlands was totally embargoed and the rest were subject to monthly reductions of 5% in their supplies. In spite of the privileged status of Britain and France, a general shortage of oil would clearly affect their own supplies, their import costs and the overall competitiveness of their economies. Britain and France thus led rather than restrained a competitive, nationalistic scramble to secure supplies on favourable terms. As well as making private deals with oil producers, Heath at one stage, attempted to order all British Petroleum tankers, laden with oil <sup>2</sup> supplies, to divert to British ports. Meanwhile, the Germans tried to secure their supplies by buying anything they could

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1. Robert Lieber, "Europe and America in the World Energy Crisis", International Affairs, Vol 55, No 4, October 1976.

2. Interview with Lord Greenhill, January 1989.

obtain in the oil futures market. Where effective regimes are supposed to enable states to co-ordinate moves to minimise damage from "shock" events, the EC states contributed to what Keohane has described as an outcome in which the Advanced Industrial Countries chose the "defect strategy" in a game of prisoner's dilemma.<sup>1</sup> As Lord Greenhill admits, the EC countries had helped to bid up the price of oil against themselves. Oil prices quadrupled between December 1973 and January 1974.

Where the Copenhagen report of just a few months earlier had attempted to strengthen the EC "regime processes" by introducing the idea that members would develop a "co-ordination reflex" - a habit of mutual consultation before taking unilateral actions- the oil crisis showed how vulnerable the steady accumulation of EC regime characteristics was to sudden disintegration. Britain and France threatened to prohibit the re-export of oil, in contravention of the free movement of goods under the Treaty of Rome.<sup>2</sup> Breach of even a fundamental and enforceable principle, was bound to be corrosive of confidence that elaborate EC initiatives could be constructed in the future on little more than expectations of mutual observance. The crisis also set off a cycle of retaliation in the Community; the putative norm that members would attempt to keep initiatives in play by discussing matters until a solution

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1. Keohane, op cit, 1984, P 223

2. Ifestos, op cit, P 428.

was reached that all could accept now slipped into its opposite; what was left of the attempt to develop a new package of policies for the enlarged EC was threatened with fragmentation as everyone sought to veto everyone else's preferred programme.

The second example concerns the difficulties Heath confronted in attempting to develop a regional policy through the EMU initiative. Heath chose this means to consolidate EC entry in British domestic politics precisely because it avoided offence to pre-existing norms: if a regional policy (ERDF) was a logical component of a monetary union, it would not offend the principle that it was non-communautaire to discuss net national contributions to the budget. However, it should by now be clear that the ERDF could only establish the former identity in the context of a more ambitious and irrevocable transition towards EMU than was then economically or politically possible. As the British Government slipped out of the snake and joined France in rejecting even a stronger regime of economic policy co-ordination, the ERDF could no longer be plausibly presented as part of a wider initiative: it re-emerged as little more than a pay-off to Britain.

If the ERDF was not to be developed as a component of EMU, the French Government was determined to include some of its own regions.<sup>1</sup> This seems to have been the point at which the

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1. Sasse et al, op cit, PP 13-9.

economic ministries in Bonn insisted that the ERDF, however modest, was beginning to form a precedent for the plundering of German resources by Community partners. The German Government dropped hints throughout 1973 that a regional policy should not form an attempt to negotiate a new pattern of inter-state transfers; instead it should be conditioned by the principle that the Community would help uncompetitive regions to redeploy their manpower in response to the widening of the market and it should draw its funding from a scaling down of subventions to the CAP as the latter attained its purpose. From the British point of view, it looked as if Germany was pitching it into conflict with the French over the norm that the *acquis* was unalterable, France was driving it deeper into an argument with the Germans over the principle that the budget could not be set with regard to national shares, while no-one was taking any notice of the norm that Britain itself had attempted to establish during the 1970-1 negotiations to the effect that all would co-operate to prevent situations arising in which one national member could be locked into EC arrangements that happened to develop in a way prejudicial to its interests. The partners were not being helped towards a fruitful co-operation by a clearly defined normative order. On the contrary, they were finding it hard to agree even modest policies for fear that these would become precedents for competing concepts of the normative basis that their co-operation should assume.

The key to an effective regime-based co-operation is that the code of understandings should be sufficiently well-defined and politically robust for partner states to hold to its precepts without interruption. It is the prospect that individual governments will need EC regimes in the future and that they can place trust in their long-term operation, that holds them into agreements, in spite of short-term disadvantages. Thus to launch a collaborative experiment and then to fail does not return actors to the status quo ante: it erodes the confidence that EC deals can be seen to fruition through no more than self-enforced reciprocation and without supranational institutions.

<sup>1</sup> Analytic learning suggests that, where a regime based co-operation fails, no harm need be done; next time round, all governments are wiser. However, i) the environment may become less tractable during, and even as a result of, failed experiments and ii) policy-makers may be frustrated and not educated by failure; cybernetic learning shows how actors may become peremptorily dismissive of a process, pigeon holing it as having been shown to be unworkable by the "facts", rather than analysing the causes of breakdown and inferring conditions under <sup>which</sup> it might be made to work.

The latter was the dominant reaction in UK politics to the disappointments of the first year in the EC. It has been seen how many in Britain adopted a simple feedback model to assess the new relationship. As the failure of EMU dragged

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1. See above P 12

down more specifically British goals of further market liberalisation and constructing a substantial regional policy, the proportion of the public that believed Britain should remain a member of the EC on existing terms fell from 31% in January 1973 to just 23% in July.<sup>1</sup> Palliser recalls a growing frustration in the Government that Heath was investing all his energies in EC processes that were yielding no results; there was a strong move to reverse Heath's directive to all departments to develop options for European collaboration and to return to old forms of independent, national decision-making.<sup>2</sup> Britain could have reacted to the oil crisis by offering its EC partners preferential access to North Sea Oil in exchange for a radical transformation of Community policies to serve UK goals. Lord Armstrong recalls that there was simply not enough confidence in Community processes for this to have been thinkable in terms of British domestic politics.<sup>3</sup> The Times reflected a perception that the EC was incapable of equitable treatment of British interests.

"Britain cannot take it for granted that the North Sea will be a national boon; much of it may have to be diverted to the rest of the world"<sup>4</sup>

By 1974, The Social and Community Planning Research group found that 63% of the public thought that Six benefited

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1. The Times 6 July 1973.

2. Interview with Sir Michael Palliser, February 1989.

3. Interview with Lord Armstrong, January 1989.

4. The Times, 15 December 1973.

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most from the EC, while only 2% felt that Britain did.

British confidence that codes of co-operation could provide evolutionary solutions to the problems of inter-state collaboration were incompatible with pragmatic obfuscation, as regimes need a sufficient initial endowment of agreed meanings and principles to ensure the smooth and continuous growth which is the key to their operation and survival. The Heath experience is instructive because it gives an idea of what the interruptions to codes of EC co-operation are likely to be and thus of the extent and nature of principles that need to be defined from the outset.

Regime characteristics have to be equal to the fact that decentralised enforcement makes each government the interpreter of obligations in its own case, although each will have its own evoked set of immediate concerns, distinctive positioning on the electoral cycle and so on. There is a clear conflict between pragmatic deals that allow each member to read a different interpretation of its obligations into the package and the need for norms to be robust and unambiguous in proportion to the operation of the system by decentralised self-enforcement.

By January 1974, Anglo/German acrimony over the ERDF had reached a pitch at which their delegations apparently

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1. R Jowell and G Hoinville, Britain into Europe: Public Opinion and the EEC: 1961-75, Croom Helm, London, 1976, P 57

exchanged comments about the war during one meeting on the  
1 fund, yet each Government considered itself to be operating  
within the deal established at Paris in October 1972: a deal  
which Le Monde had described as attempting to disguise  
2 disagreements by opening up wider perspectives. Indeed, many  
in the British Government considered the ERDF to have been  
part of an understanding at the time of the negotiations  
3 that new policies would develop to Britain's advantage.

Institutional pragmatism undoubtedly responded to a great  
dilemma faced by the enlarged EC at its inception. In many  
ways the collaborative needs and expectations of members  
were well-advanced, yet attempts to thrash out codes of co-  
operation were likely to produce an immediate phase of  
contention, as there was still considerable diversity of  
opinion on what EC norms should be and any attempt to  
arbitrate between these would systematically structure the  
4 distribution of values in the EC area. However, the  
pragmatic alternative of pressing ahead with initiatives,  
while allowing each member to believe that its own  
interpretations of norms were generally accepted, only  
discredited the possibility of regime based co-operation by  
leading to failure and feelings of betrayal.

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1. Interview with Sir Michael Palliser.

2. Le Monde, 23 October 1972.

3. Michael Butler, Europe: More than a Continent, Heinemann,  
London, 1988, PP 92-3.

4. See above P 26.

Such was the ambiguity of the EC normative order that when Heath followed the French into making bilateral oil deals with the Arabs, "Community obligations" scarcely featured in British decision-making, in comparison with domestic crises which were steadily reducing the Government to a hand-to-mouth existence. On hearing of the outbreak of the war in the Middle East, Heath immediately realised that he was likely to face a miners strike. If Britain was to go without coal, the survival of the Government demanded that it should act immediately to secure oil supplies. As Palliser and Armstrong recall, Britain contributed to the demise of hopes that the EC would make a new start as a collaborative grouping, before realising that it had offended any norms. The way in which confidence can be damaged by launching co-operative codes with insufficient initial definition is well illustrated by the conflict between statements by Heath and Pompidou that no norms had been broken as energy policy was, as yet, outside the Community system, and a comment by German Finance Minister, Helmut Schmidt, which in turn fed back into British disillusionment with the EC:

" West Germans are not in a mood to go to the help of countries (referring to the ERDF), which are not themselves in a mood for co-operation ". (referring to oil sharing) 4.

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1. Interview with Madron Seligman, "The Seventies".
2. Interviews with Palliser and Armstrong, Jan/Feb 1989.
3. Interview with Edward Heath, December 1988.
4. "European Trends", Economist Intelligence Unit, Vol 38, February 1974, P 11.

Indeed, some of the earlier points about launching initiatives without understanding the extensity of variables that will have to be controlled or the intensity and permanence of obligations that will be needed can also sap confidence in the steady growth of EC regimes. When the Heath Government had not re-fixed the pound by July 1973, Heath received a message from Pompidou that he considered Britain in breach of the understandings reached at Paris in May 1971 and that he would not consider the UK a full member of the EC until the pound returned to the snake.<sup>1</sup>

Regimes would also appear to be vulnerable to interruption if they fail to produce quick action to develop packages that give all participants a basic interest in their operation. The norms of EC collaboration can rarely be expected to be fully discounted into domestic consciousness. This makes it important that there should be some unequivocal "national interest" in the Community status quo to which appeal can be made whenever domestic politics put pressures on governments to interrupt the smooth accumulation of Community norms. In this regard, Paul Taylor has commented that the failure of the Nine to move quickly to a new "central bargain" to ground the enlarged EC in arrangements that gave each member state a clear interest in the portfolio of Community policies put British governments in a far more difficult position than any the French or German Governments had ever faced in persuading domestic

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1. Interview with Edward Heath, December 1988.

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constituencies of the need to hold to Community norms.

It has been seen that a low level of socio-psychological identification with the EC made it all the more important for Britain to have material incentives to hold to codes of  
2  
EC co-operation. However, the problem of creating a well-defined British interest in the EC returns us to the earlier analysis which suggested that institutional pragmatism was unequal to the technical or political challenges of forming a package deal for the "Second Europe", let alone to the decision-making capacity that was required for the EC to act before British domestic perceptions became disillusioned with European co-operation.

But perhaps the most important point of all was that the uninterrupted evolution of EC-based regimes was continuously threatened by the diffraction of policy-makers' efforts towards action through wider multilateral fora, more exclusive groupings of EC states, or the nation state itself. The EC was effectively in competition with alternative groupings to provide member states with "regime characteristics". If the international monetary crises of 1968-71 had initiated a period particularly propitious for West European states to form regimes around the EC, the oil crisis shifted the balance back in favour of Atlanticist regimes under US leadership. Where the Nine failed to show

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1. Taylor, op cit, P 299.

2. See above PP 297-302.

solidarity with an especially vulnerable member - the Netherlands - or to conclude arrangements to keep the oil flowing, the oil companies worked out an elaborate system of <sup>1</sup> rationing at US prompting. By February 1974, Britain was taking the lead in pressing for energy co-operation to be based on Kissinger's International Energy Agency. The nearly <sup>2</sup> audible relief with which Home turned to an OECD-based solution illustrated three perceived advantages of Atlanticist over European regimes. First, it was easier for some member states to secure particular interests at the former level. Britain would not be the only energy producer in a grouping that included the US. Second, the US often had the leverage to compel convergent analyses and speedy decisions to co-operate; in the case of oil, it could do this through its position as the "swing consumer" in the international market. Third, in a typical piece of analogical reasoning, the Nine had extrapolated the successes of the EC in the 1950's and 1960's, to assume that the EC could operate as an optimal policy-making area with the same ease in the 1970's; this had ignored the extent to which earlier achievements had rested on the wider zone of stability provided by the Bretton Woods system and the fact that transatlantic interdependencies were often greater than <sup>3</sup> intra EC interactions in the new agenda of monetary, as opposed to trading, economics. In these circumstances, the

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1. Ifestos, op cit, P 429.

2. Kissinger, op cit, 1982, PP 911& 920

3. Strange in Tsoukalis, op cit, 1985, P 39.

EC could only act as a bloc with sufficient internal integration to neutralise the effects of exogenous stimuli and to overcome differences of opinion about extra EC relationships. The political trade-offs that this would have involved made it easier for Britain in particular to return to what had initially been its preferred model in any case: OECD based regimes.

The 1972-4 experience suggests that EC regimes will find it hard to develop without interruption, until their intersubjective structures are able to rival those established within nation states. There was a perpetual tendency to relapse into independent, national action, so long as this was able to draw on well-defined routines and reflexes to produce speedy decisions with clearer procedural legitimacy, if not more consensual assessments, than was likely at the EC level. It has been seen how EMU was repeatedly fractured by standard national reflexes to short-term economic developments. Both Barber and Allen recall that the reflationary budget which made it so hard for Britain to stay in the snake in 1972 was preceded by the first rise in unemployment above a million since 1947 and by police reports that the line could not be held against bitter industrial disputes if the economic outlook deteriorated further. In such circumstances, reflation was

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1. See above PP 325-31 & 348-53.

2. Interviews with Anthony Barber and Sir Douglas Allen, "The Seventies"

simply axiomatic to a postwar British Government.

The domestic pressures on Heath to return to settled patterns of national policy-making reflected the difficulties of establishing the legitimacy of Community processes or of significant transnational payments, which would be needed to make many common policies work. Expectations of national parliamentary accountability, established by the all-party report of October 1973, were noted above.<sup>1</sup> The Treasury opposed a £ 4.5m payment into an EC Social Fund in July 1973, while attempting to impose the principle that Britain should not agree to any new policy under which it could not be expected to receive as much as it contributed.<sup>2</sup> Palliser recalls that it was also eager that any payments from the ERDF should go straight into Treasury coffers to offset the costs of existing national policies,<sup>3</sup> rather than to fund EC policies in Britain.<sup>4</sup> Even Heath had limited the transnational socialisation of UK Government by aiming to develop a Whitehall system of co-ordinating policy towards the EC that would be quite as disciplined as the French to the pursuit of national priorities.<sup>5</sup>

Carole Webb argues that the "politics of resource

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1. See above P 363.

2. See above P 309.

3. The Sunday Times, 29 July 1973.

4. Interview with Sir Michael Palliser, February 1989.

5. Sasse et al, op cit, P 39.

allocation, bargaining and interest mediation have deep roots in domestic politics".<sup>1</sup> Buchan has remarked that the EC consists of "already highly governed states".<sup>2</sup> Hoffmann has pointed out that even crises will not necessarily lead to catalytic conversions of states into wider entities better able to deal with the international environment. Each society may react by clinging all the more determinedly to its "own political culture" and by lowering expectations of its own state.<sup>3</sup> Governments may have to worry that there are thresholds in public perceptions at which inter-state co-operation is sufficient to disrupt and make a mockery of established national authority and normative orders without substituting viable alternatives. The mediation of collective action through the state may also be a source of psychic value, yielding a clear delineation of a social identity through continuous self-management and assertion. The more policies are poured through co-operative processes,<sup>4</sup> the greater the confusion in self-environment conceptions, as to whether the institutional personality of society has become a fiction, superseded by opaque and elusive processes between states. A functional case may be made for trans-national solutions, but decision-makers may be satisficers

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1. Carole Webb, "Theoretical Perspectives and Problems" in Wallace, Wallace, Webb, op cit, 2nd Edition, P 37.

2. A. Buchan, The End of the Postwar Era, Weidenfeld and Nicholson, 1974, P 209.

3. S. Hoffmann, "Reflections on the Nation State in Western Europe Today", in L. Tsoukalis, ed, The European Community: Past, Present and Future, Blackwell, Oxford, 1983.

4. See above PP 23-4.

rather than optimisers; where optimising involves giving up some values to obtain the best overall outcome, satisficers snatch at the first solution that promises to be broadly satisfactory in terms of all values.<sup>1</sup> It has been suggested here that British actors epitomised a preference not to confront the value trade-offs involved in developing new transnational behaviours and forms, but to continue to work through the state so long as results were merely mediocre, rather than disastrous. Moreover, as the "normal course" this will always be the first option in the search field of a peremptory, satisficing decision-maker.

##### 5. The Limits of Leadership Solutions.

The final claim made by British Governments before entry was that the UK would be part of the "EC leadership", allowing it to achieve the benefits of collective action without the need to compromise national preferences.<sup>2</sup> By the time of the Heath Government, this notion was normally expressed in terms of a UK/French/German triangle at the centre of the EC. For example, Heath's first reaction to Kissinger's Year of Europe initiative was, in fact, to propose a series of British/French/German/US steering groups.<sup>3</sup>

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1. H.A. Simon, "From Substantive to Procedural Rationality" in Anthony McGrew and M.J. Wilson, eds, Decision-Making: Approaches and Analysis, OUP, London, 1982, PP 87-97.

2. See above PP 118-23.

3. Kissinger, op cit, 1982, P 162.

The theory of the inner triangle was that it could provide what William Wallace has called a "parallel network of intensive bilateral links as a necessary adjunct to multilateral processes".<sup>1</sup> The triangle could be a subtle system of pressures and incentives to co-operate with a permanent tendency to implosion. Each of the big three would compete to ensure that its two bilateral relationships were closer than those of the others. The other members would be brought into the process as they lobbied the big three and the latter sought their support to tip the balance in the bargaining within the triangle.

However, Table 14 reveals that the triangle was unlikely to act as a force motrice, as almost every disagreement that existed in the EC as a whole could also be found in the inner grouping. In fact, this chapter has deliberately concentrated on the British/French/German relationship to illustrate EC disagreements, in order to show that the triangle was a source of stalemate rather than initiative in the early 1970's.

A conventional criticism of the Heath Government is that it failed to move from a bilateral focus on France to use a triangular relationship with Germany to its advantage. From this point of view, Heath's diplomacy was an inertial continuation of assumptions employed during the entry

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1. William Wallace, Britain's Bilateral Relations within Western Europe, Chatham House Paper No 23, RKP/RIIA, London, 1984, P 9.

negotiations: that Britain could only establish its place within the EC by seeking to please the French Government. However, Table 14 shows that Heath was quite as likely to agree with the Germans against the French as vice versa. The real problem that he met was that the triangle was no basis

TABLE 14 : BRITISH/FRENCH/GERMAN ALIGNMENTS 1972-3  
x signifies agreement to position.

Topic	Br	Fr	Ger
<u>1972</u>			
EEC/EPC contacts.	x		x
No strengthened institutions for EMU.	x	x	
No weakening of Commission.	x		x
Market integration before fixed currencies.	x		x
Joint position for GATT round.	x	x	x
Postpone directly elected parliament.	x	x	
Reserve pooling.	x	x	
Joint position for CSCE.	x	x	x
<u>1973</u>			
No institutionalised contacts with US.	x	x	
Membership of common float from March.		x	x
A limited regional fund.	x	x	
No energy sharing.	x	x	
An EC/Arab dialogue.	x	x	x
European Council.	x	x	x
<u>1974</u>			
Participation in IEA.	x		x

for a leadership solution, as the complexities of negotiating packages within the inner grouping were little less staggering than those involved in a full multilateral negotiation amongst the Nine.

Because the British Government's contacts were with Brandt and the German Foreign Ministry, it may have believed that the agreement on the ERDF was secure, little realising the opposition that would come from the Finance and Economics Ministries, forcing Britain to accept conflict with France over the *acquis* if it wanted to attain substantial funds for regional development.<sup>1</sup> Greenhill recalls the difficulties of dealing with a Government that "did not talk to itself".<sup>2</sup> Heath claims that, in spite of the position of the German Finance and Economics Ministries, he had made an agreement with Brandt in October 1973 that generous funding would eventually be found for an ERDF in exchange for agreement to an EC directive on workers' participation.<sup>3</sup>

The Heath experience shows how leadership ambitions may become a source of conflict in the EC. In line with Heath's perception that the extra-regional contacts and roles of individual member states would be additive contributions to the bloc power of the EC, the French and, at first, the British Governments had been irritated by what they saw as a

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1. Sasse et al, op cit, PP 13-9.

2. Interview with Lord Greenhill, January 1989.

3. Interview with Edward Heath, December 1988.

failure by the rest to avoid provoking the Arabs while Anglo/French diplomacy worked out a solution to everyone's benefit. However, there was no reason why the rest of the EC should accept this interpretation, as opposed to one that saw Britain and France as attempting to secure a competitive advantage through cheaper energy supplies, or diplomatic leadership by acting as the EC's commodity broker.

Leadership notions may have satisfied British cravings for status and a wish to avoid the conclusion that national values would have to be sacrificed for membership to work. However, it was by no means clear that Britain would be well served by a system of leadership by individual states. Whilst triangular leadership proved problematic, the Heath period revealed that there were two alternatives, which would have excluded Britain. The common float in 1973 raised the possibility of a reversion to a Franco-German axis at the centre of the EC, while Germany's defence of the Netherlands during the oil crisis and the eventual transmutation of the snake into a Deutschmark zone , suggested the possibility of a leading German role based on its domination of smaller, surrounding economies. Far from being able to function as one of the leaders, a combination of economic weakness and of the low socialisation of British domestic and bureaucratic politics into such norms of EC co-operation as had developed by the early 1970's, meant that Britain tended to fall out of agreements. Given Bruno Frey's application of public choice theory to show that countries

will react to the steeply rising marginal costs of expanding collaborative groupings by building the latter in the order in which nations rank as "good co-operators" up to a point at which the coalition has the critical mass needed to attain collusive goals,<sup>1</sup> it was clear from the outset that membership of the EC was insufficient to protect it from exclusion from an inner core of European co-operation.<sup>2</sup> One way out was a radical improvement in Britain's circumstances and its stake in membership. However, it has been seen that matters then turned full circle to the extent of policy development and institutional growth that would be needed for functional and political reasons. Contrary to notions of leadership, the Heath Government found that all attempts to use the EC for British goals drew it into discussions of several options that had little support in its own domestic or bureaucratic politics. It found itself in the weak diplomatic position of having to make extensive demands on other members, while being able to offer little that would have made progress with Britain more attractive than more exclusive acts of collaboration.

To conclude the chapter as a whole it would seem that the primary assumptions made at the time of British entry - concerning identity of member interests, pragmatic

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1. Bruno Frey, "A Public Choice Theory of International Political Economy", International Organisation, Vol 38, No 1, Winter 1984.

2. Above P 353.

development, the existence of a code of understandings and potential for British leadership - were simplifications, less important for their realism than for their ability to screen out "dissonances" that suggested the difficulty of attaining the goals of membership without some sacrifice of values held by national policy-makers. It is unsurprising, therefore, that the collapse of each assumption was related to the need, which British actors had attempted to avoid, to make choices between traditionalist and transformationalist approaches to EC membership. Were British Governments prepared to accept the need to make progress across a whole complex of issue areas, in order to attain co-operative goals ? Had they yet realised that even if institutions were not integrated, common policies would need to be adequately integrated to attain continuity and coherence ? Had they accepted that EC regimes could only present evolutionary solutions to the problems of European collaboration if they were sufficiently defined and dominant over national normative codes to develop without interruption ? As a late entrant in difficult circumstances, were Britain's interests really best served by a limited relationship that stressed leadership by states, of which it was not the strongest in its ability to form collaborative coalitions, rather than more ambitious collective action, initiated by Community bodies with a clearer interest in evening up the conditions of the disadvantaged ?

## CONCLUSION.

The aim of this work has been to use the case study of British entry to the EC to demonstrate the theoretical benefits of explaining foreign policy change by means of a critical account of structure and a cognitive hypothesis of decision-making. For this to have been successful it should have expanded understanding of British entry to the EC in line with Popper's injunction that a theoretical perspective adds to knowledge if it a) generates a wealthier output of secondary hypotheses that b) fits more of the facts than c)  
1 previous theoretical accounts.

It has been claimed here that a cognitive/critical approach to foreign policy analysis meets Popper's criteria by providing an analysis of British entry to the EC that is both richer and more plausible than previous accounts that have presented it as an inevitable adjustment by a  
2 country that had "nowhere else to go". Not only are there good reasons for believing that the fact of entry was less than predetermined, but there are better reasons still for holding that the manner of entry was open-ended in terms of the following: the forms that an enlarged Community would take, the intersubjective structures and patterns of alignment that would characterise a new EC, the cognitive environment that would shape both the preferences of British

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1. Above PP 28-9.

2. Above P 5.

foreign policy-makers for different approaches to EC co-operation and their interpretations of the experiences and results of membership and the ways in which the British domestic setting would incline UK Governments to support some trajectories of EC development rather than others.

The ability of the cognitive/critical combination to advance hypotheses about foreign policy change from a plausible point of intersection between theories of structure and choice enables whole new dimensions of theoretical explanation to be opened that were previously blocked by the failure of equilibrium theories of change to say anything about intermediate perceptions, decisions, processes, events and interactions and of decision-making theories to say much about contexts. Indeed, of particular value here has been the use of the cognitive/critical combination to attempt a measure of the variable character of foreign policy change in the following way: to form a set of hypotheses about the fractured, recursive and emergent operational structures in which a government was making its foreign policy, to analyse the nature of its foreign policy assumptions or cognitive structures, and then to yield conclusions about the gap between the operational and the cognitive that could serve as a measure of the completeness<sup>1</sup> by which a foreign policy is adjusted to its context. Of course, this is no more than Brecher has suggested, except

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1. See Introduction for definition of terms.

2. See above P 11.

that critical theory is introduced here as a means to model the operational environment, where Brecher only went as far as to employ cognitive theory to capture the nature of foreign policy assumptions. The value of such a method can be demonstrated by briefly drawing together the conclusions that it has yielded over previous chapters.

All sections - on initial contexts, the negotiations, domestic politics and first steps in European co-operation - have shown that the operational environment of British European policy was, indeed, fractured and recursive: of the structuring dimensions of foreign policy - the power of the British state in a field of inter-state diplomacy, the competitiveness of the British economy, the electoral survival of British Governments and the intersubjective understandings of European co-operation- it was hard to meet the demands of each simultaneously; on the other hand, none could be neglected or allowed to absorb disproportionate resources and attention. Indeed, it was to improve Britain's ability to deal with such an operational environment that policy-makers sought EC membership in the first place.<sup>1</sup> However, it has been seen that the more fractured and recursive the operational environment the more integrated the cognitive environment of foreign policy needs to be:<sup>2</sup> such settings place a premium on the ability to recognise opportunities and to form transnational coalitions to trade

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1. Chapter 1.

2. See above P 130 and Chapter 7.

off values on the best possible terms.

As governments react to fast moving events, they will often have to depend on implicit beliefs or operating procedures, but this makes it all the more important that they should examine the plausibility and consistency of their assumptions at those critical junctures when they change the basic frameworks from which they intend to operate their foreign policy. At any one moment, their models of the environment will have to be simplifications to enable decisions to be made in conditions of uncertainty, but this does not preclude their explicit articulation or debate, or even periodic efforts to test, elaborate and amend them in the direction of greater value integration. Nor does the excuse of insufficient time for reflection necessarily cover long-term decisions of foreign policy orientation. In Britain's case, adaptation to EC membership spanned the years 1960-72. Thus it has been claimed here that British foreign policy-makers committed a category error in claiming that EC membership was best approached "pragmatically": they confused a method that is suited to dealing with events from well-established assumptions with a "framework decision" that was concerned with setting up the assumptions from which British foreign policy should operate in the first place.

The result of this was a discernible lack of integration in

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1. See above PP 137-8.

British foreign policy assumptions and values at the point of entry to the EC. Some recognition of the need for a state in Britain's position to adopt a transformationalist approach to foreign policy in the new context of EC membership was combined with a reluctance to abandon traditionalist assumptions, although holding to the one would narrow the attainability of goals that were beginning to be developed under the other. Hence the conclusion that entry would remain an inchoate act of foreign policy adjustment until British policy-makers either gave clear backing to a traditionalist approach by abandoning many of the goals for which they had sought membership in the first place, or accepted that the aims of EC entry would draw them deeper into a transformationalist foreign policy than had been initially appreciated.

The conclusion that EC entry was an inchoate change contrasts with the contemporary assumption that EC membership was a "solution" to Britain's postwar foreign policy problems: the final act of adjustment by a once-great power to changed international realities. The argument here is that EC entry merely rolled up into a new context all the predicaments identified by critics such as Frankel, particularly the tensions between the conventional assumptions of foreign policy-making and the changing operational contexts of British society, economy and state. Indeed, in many ways, attitudes that were designed to ease the psychological adjustment to change meant that EC

membership became the focus for perpetuating old delusions by new means. British leadership of the EC and its political skills, the identity of British interests with those of other members and the potential for institutions and policies to develop "pragmatically" were all presented as allowing Britain to attain as much as it wanted from an effective European collaboration without any need to question the foreign policy methods, roles and assumptions of the traditional nation state, or Britain's own preferred <sup>1</sup> diplomacy with the rest of the world.

There were good reasons of cognitive theory to predict that this lack of value integration would become a stubbornly structural feature of British membership of the EC. A pragmatic tradition meant that the assumptions that guided policy were insufficiently articulated, criticised or cross-correlated for them to be quickly identified as at fault in <sup>2</sup> the light of experience. The traditionalist/transformationalist schizophrenia was also politically comfortable and convenient; by giving the impression that change could be placed in a context of continuity it responded to the high value that Britain's elite placed on its own consensus; it gave the impression that foreign policy could adjust without upheavals in a domestic political game and political culture that were in

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1. See above Chapter 2.

2. Above PP 130-8.

many ways poorly suited to the enmeshment of a substantial  
<sup>1</sup>  
slice of British policy-making in a Community of states.  
Finally, the intersubjective structures of the Community  
itself were still too confused and contested to constitute  
clearly-defined conceptual challenges to any deficiencies in  
<sup>2</sup>  
British foreign policy assumptions towards the EC, while the  
negotiations had ended with actors agreeing to enlargement  
from a wide variety of very different viewpoints as to how  
<sup>3</sup>  
the Community should develop. It is for other studies to  
push the analysis beyond 1974, but it is hoped that this  
account of British entry to the EC has revealed some of the  
problems that were present at the creation of the new  
relationship.

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1. Chapter 6.

2. Above PP 325-32 & 356-73.

3. Above P 231.

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