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Svein Dahl (editor)

National interest and the EEC/EC/EU

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Preface

The seven contributions on National interest and the EEC/EC/EU presented here are drawn from a round-table conference arranged by the Royal Norwegian Society of Sciences and Letters in September 1997 in Trondheim. The concept National interest bears on how the involved governments defined their respective great power-, security-, and economic interests in relation to the evolving European communities, the ECSC, Euratom, EEC, EC, EU. Divergences and rivalries concerning these matters have set the course and directed the development throughout the evolution of the communities from the formation of the Coal and Steel Community in 1952 till the EU of today. The contributions deal with Britain, France, Germany and the US in addition to two small countries, Denmark and Norway. All of them pose the question why a number of West European countries in principle accepted a partial surrender of sovereignty to a supranational organisation and committed themselves to policy harmonisation in specific areas. The ambition is to provide some tentative answers by highlighting the interrelation of internal and external interests in and between the above mentioned countries. Professor Alan S. Milward accounts for the historical perspective of the presentation in a historiographical introduction: Interpreting the European Union.

All the contributors have been associated with the Contemporary European History programme at the Department of History, NTNU, Trondheim. This programme is led by Professor Svein Dahl, Associate professor Hans Otto Frøland and Professor Alan S. Milward. It is partly financed by ARENA, Advanced Research on the Europeanisation of the Nation-state, a national research programme under the Norwegian Research Council.

On behalf of the contributors I will extend our thanks to the Royal Norwegian Society of Sciences and Letters for arranging this round-table conference and for covering the printing costs of this publication.

Trondheim May 1998

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Contents

Interpreting the European Union

ALAN S. MILWARD

In the first years of the European Community there was nothing in the conventional discourse of either European socialism or conservatism which allowed for a convincing explanation of the phenomenon. The dried tea-leaves of Marxist analysis did not refer to it. Socialist interpreters therefore reverted to older, nationalist, protestant traditions for their predictions. Kurt Schumacher's instinctive denunciation of the Coal, Iron and Steel Community was that it was 'Catholicism, capitalism and cartels', while his British counterpart Hugh Gaitskell saw it as a threat to 'a thousand years of British history'. The majority of Scandinavian socialists ignored it. Conservative parties generally defended what they began to call 'national sovereignty' against a Community which was in reality strengthening national entities. Theoretical interpretation was left to resurrected nineteenth-century liberalism and for some time an outburst of historically discredited ideas dominated academic literature on the subject.

European integration was held to promote scale economies, no matter how difficult these were to demonstrate—, and those in turn through improvements in total factor productivity were held to lead to a faster growth of national and personal income. A faster growth of incomes was thought the best foundation for democratic government in its competition with the communist bloc. The mid-nineteenth century idea of progress returned to reinforce the federalist hope of that Tennysonian vision, "The Parliament of Man, the Federation of the World". Political science elaborated a range of progressivist, teleological theories to show that a new epoch of world history had begun with the birth of the European Community.

These teleological visions were derived from the widespread conviction that nation-states at a high level of per capita income became so interdependent that the continued growth of national and per capita income

must make their continued existence as separate policy-making units increasingly implausible. Continued economic growth would make the control of people, capital and goods on their national frontiers pointless, undesirable, and even impossible. Nothing in the historical experience of the years 1914–1950 reinforced such an interpretation, however, and much contradicted it.

In so far as any objective measurements of interdependence between economies over time are possible they tend to show wide divergences between decades such as 1900–10 or 1950–60, when movements of such macroeconomic indicators as prices or wages were convergent, and others like 1930–40 or 1960–70 when they were divergent. Because over the whole period 1900–70 it has been an objective of governments everywhere to manipulate prices, wages and interest-rates in the interests of getting themselves re-elected such a lack of consistent long-run convergence is hardly surprising. Major historical events over the same period, however, cry out against the complacent belief that increasing ratios of foreign trade or foreign investment to GNP necessarily imply that the increasing interdependence of economies is an inevitable long-term trend. Russia's choice of international isolation after 1917, when before that it was the world's greatest recipient of foreign investment, is a case in point. So, too, is the relegation of the foreign trading sector to almost the lowest priority by the world's second biggest capitalist economy, Nazi Germany, after 1933.

In reality, the argument that increasing interdependence explains the evolution of European integration in the form of the European Community is invalid as a general proposition. That evolution has been limited in time and place and dependent on political choices. Only in western Europe has a substantial number of contiguous, high per capita income countries, whose resource bases are limited by their relatively small geographical area, evolved. In those circumstances there has also evolved a predisposition to reap the benefits of interdependence, providing the political choices which governments make require it. Political choice thus remains the determinant factor, not insuperable forces or irreversible trends in the world economy.

These political choices have also, however, been explained teleologically. In the 1950s they were typically explained as the inevitable outcome of the increasing range of functions of the nation-state. To carry out these functions, states, so it was argued, were obliged to engage in a network of international functional institutions whose problem-solving activities es-

sentially replicated those of national bureaucracies. No matter how low their initial level of political importance, these international organisations would expand their range of activities and in doing so increasingly restrict the state's capacity to use its power unilaterally in an untrammelled way. The expansion of national governmental activities in the twentieth century thus contained, it was argued, the seeds of the inevitable transition from national to supranational governance.

One evident weakness of this theory was that its only exemplification was found in Europe. It appeared to have no predictive force elsewhere. When translated in the 1960s into a predictive theoretical model of the formation of the Community it was given predictive force by cutting out of it the initial proposition that international functional agencies, such as OEEC/OECD or GATT,arose inevitably out of the inability of states to carry out their increasing range of functions through purely national agencies. If for any reason whatsoever, —so ran the argument of many political scientists in the 1960s—, states should create an international agency, no matter what the origin and purpose of that organisation it would nevertheless set in motion the same forces of bureaucratic functionalism which would relentlessly curb the independence of national policy-making.

In part this was an adjustment to early historical research into the origins of the European Coal, Iron and Steel community. It had not taken historians long to present those origins as primarily a set of foreign policy choices, a diplomatic resolution of an old set of European problems as much as the glorious dawn of a new epoch in systems of world governance. The first European Community in 1952 was indeed the product of the national foreign policy and economic bureaucracies in its member-states, a substitute for the treaty of peace with Germany which could not be signed. Neo functionalist theory, as in the 1960s it was styled, was able to absorb this hard historical reality by assuming that the original purposes of, for example, the High Authority of the Coal and Steel Community did not affect its predictable functionalist path. The political choices of states, on which histories of the Coal and Steel Community laid such stress, thus remained for political scientists of little or no final explanatory power in the story of European integration compared to the inescapable forces of historical development.

The mechanism by which such international functional organisations were compelled to seek integrationist solutions was the concept of "spill-over". This claimed to demonstrate how a cumulative process of integra-

tion could gain sufficient momentum eventually to erode the powers of national government. Bureaucracies, national and international, were presented as coalitions of divergent interests. This divergence would lead to the use of international agencies as battlegrounds for pluralist national bureaucratic coalitions.

This was predictive music sweet to the ears of national policy makers in the USA, for it not only supported America's foreign policy in Europe and central America, it even predicted the inevitability of its success. As it faded from fashion in American political science, notably after the US failure in Vietnam, it was kept alive by the European Community itself, whose officials took a natural pleasure in any theory which explained that they were in the vanguard of historical progress.

It was not until the mid-1980s that historical research triumphed over progressivist teleological theory and a more complex and realistic picture of the European Community began to dominate. The dominant historical interpretation now might be stated, in simplified form, as follows.

Since the late nineteenth century states have been held together by a national governance which has concentrated on, providing increasing material rewards for those social groups which have been increasingly enfranchised over that period. To be fully effective such state policies have sometimes required a measure of international agreement or even depended absolutely on the international framework to be effective. High employment policies, for example, in one country alone are unlikely to be successful, as the case of France in 1983 was to show. When after 1945 the European states recreated their legitimacy by a large extension of welfare and income-enhancing policies to social groups previously excluded from such benefits, the international framework became more important. Because it was in Europe that states' legitimacy had to be restored at higher income levels the domestic policies of most European states had strikingly similar objectives. These could be pursued either through the inherited machinery of intergovernmental international agencies, of which there was a great proliferation between 1945 and 1950 or through finding new forms of international action. It is on the new forms of international action, involving limited surrenders of national sovereignty that historical research has concentrated, defining these as 'integration' and thus seeing the European Community as an important new phenomenon. That research, however, has not in general accepted the earlier teleological implications of theories of Community formation.

The choice between intergovernmental and integrationist international frameworks for advancing national policy choices depended on the nature, importance and commonality of the policies. At one end of the spectrum could be placed, for example, national policies of agricultural protection. The result of such policies everywhere in the post-war world was increasing food surpluses at prices well above, in almost all cages, existing world prices. They could be vented only inside other high price countries in western Europe. such policies could not be abandoned when farmers, and those voters also whose incomes derived from farming communities, were such a large and well-organised part of the electorates. In these universally prevailing circumstances in western Europe the advantages of the integrationist framework were greater than its penalties. The European Community offered the promise of an irrevocable treaty and the machinery to enforce the terms of a Common Agricultural Policy, compared to an intergovernmental framework where renunciation carried fewer penalties and enforcement depended finally on the weak power of international law.

Of similar importance were the earlier mutual tariff reductions of the Common Market. They were seen as guarantees of mutually supportive GNP growth policies, when sustained high growth was essential to support the whole range of national interventionist domestic policies. In establishing the European Economic Community the guarantee of automaticity of future tariff reductions and the absence of any means of officially renouncing the Treaty of Rome were of even greater importance than in the elaboration of the Common Agricultural Policy. They were the guarantee that the smaller, lower-tariff signatories, such as Belgium and the Netherlands, could enforce the Treaty against mighty France and Germany.

At the other end of the spectrum appear a range of possible common policies between the member-states of the Community, often identified as mutually advantageous and simpler to arrive at than the Common Agricultural Policy, but which have remained in the realm of political rhetoric only. A common transport policy, discussed since 1950, is one such. A common immigration policy, also discussed since 1950, is another case in point. In these areas member-states of the Community have been able to satisfy their national objectives through intergovernmental agencies on a nineteenth-century model without having to incur the penalty and difficulty of sovereignty surrenders.

The present historical perspective therefore is not one in which the evolution of European integration is understood as a progress deriving from ir-

reversible historical, economic and political trends. On the contrary, it is understood by most historians as a stochastic process in which sets of national governments, originally linked in the integrationist structure of the coal and steel community, have made successive political choices between an intergovernmental or an integrationist framework whenever policies required an international framework to be effective. The European Community, and the successive steps in its creation, represents in this perspective a cumulative Europeanisation of those national policies which could only be effectively pursued by the process of sovereignty surrender. European integration represents in this perspective an extension of national government in some policy areas, by national political choice, rather than a progressive and ultimately inevitable supersession of it by supranational governance.

This is the perspective which has generally prevailed over the extremely active research programme which began in the Historical Institute of NTNU six years ago, which has linked an academic community of scholars across Europe to Trondheim and made the Historical Institute a leading centre of research into contemporary European history. Of the papers presented here, one deals with policy formulation in France, the test-case, because the Europcanisation of French post-war domestic reconstruction policy was the origin of the Community-building process. Others deal with Denmark, Norway and the United Kingdom, all three of which have fundamentally preferred the choice of intergovernmentalism but two of which have nevertheless been forced by policy choices to opt also for integration. Their dilemmas are explored here as matters of free political choice. Another deals with the USA where there was no domestic discussion about the possible need to limit national sovereignty to achieve any policy objective until the question briefly surfaced at the time of the NAFTA agreement, but where the prescription for Europe was quite different. Europe was expected to choose the integrationist path in support of America's own national security. The American position serves as a reminder that in the policy choices from which the Community has stochastically emerged foreign policy issues were always central. Every choice for integration was also a choice to bind Germany inextricably into a western European framework in the interests of Europe's own national securities. The distinction however between foreign and domestic policy in this case does not affect the theoretical standpoint of these papers. In the choice of integration for the pursuit of national domestic policies the Federal Republic of Germany was always the country without whose adherence those policies could not work.

France and the origins of the European Community

FRANCES M. B. LYNCH

The French government's decision to sign the Treaty of Rome upon which the creation of the European Economic Community depended so crucially, was not a foregone conclusion. The prediction of Gladwyn Jebb, then British Ambassador to France, that the French government would not sign the Treaty was a fair assessment of the French reaction to the Dutch proposal of April 1955.[1] Unlike the proposals to create the European Coal and Steel Community and the European Defence Community, the European Economic Community was not a French initiative, and indeed found little support within the French administration. Most importantly the French Foreign Ministry was opposed to it for both political and economic reasons. It argued that it would be a vehicle for promoting German hegemony in Europe while at the same time causing the disintegration of the French Union. It also claimed that it would promote monopolies and cartels, increase the gap between rich and poor regions and expose the French economy to competition from the United States if the common external tariff were set at the low level preferred by the Benelux countries.[2] Foreign Minister Antoine Pinay tried to persuade Adenauer to accept an intergovernmental arrangement to coordinate the foreign policies of the six instead.[3]

The rejection of the European Defence Community Treaty by the French National Assembly in August 1954 had marked the end of French attempts to guarantee their security against Germany by integrating West

1 Gladwyn Jebb, *The Memoirs of Lord Gladwyn* (London, 1972).
2 Ministère des Affaires Etrangères (MAE) DE-CE 1945–1960. Marché commun mars–juin 1955, Note from Service de Coopération Economique, 20 April 1955.
3 Gérard Bossuat, *L'Europe des Français* (Paris, 1996) p.265.

Germany into Europe.[4] Henceforth French security was to be based on the development of their own atomic bomb, (with the decision being taken by Prime Minister Mendès-France at the end of 1954),[5] France's position as a world power was to be maintained through the consolidation of the French Union and the modernization and development of the French economy begun under the Monnet Plan was to be continued.

The common market proposal was seen by the right wing government of Edgar Faure as threatening this definition of the French national interest. It was also opposed by almost all the economic interest groups in France who quite predictably preferred a continuation of protection. Yet if the common market was a threat to this definition of the French national interest the spectre of the restoration of the one world system preferred by Britain was an even greater one. As long as France took the lead and championed the cause of European integration it was guaranteed the support of the United States and of the State Department in particular. The danger was that if the French government took a wholly negative position on moves to integrate western Europe this could strengthen the influence of the American Treasury in its quest to make the restoration of the one-world system the primary objective of American foreign policy.

As a result the strategy adopted by the French government was to support the much more limited proposal to integrate atomic energy as a way of blocking progress on the common market whilst retaining its claim to be taking the lead in Europe. The question to be addressed in this paper is why French policy toward the common market changed. Was it due to changes in the definition of national interest by the new Republican Front government led by the socialist Guy Mollet or was it due to the inability of the French government to pursue its preferred strategy?

It is true that at the Messina Conference Pinay was unable to break the link established by Monnet and Spaak between the common market and Euratom. During the negotiations which finally culminated in the Spaak Report the French drew up a list of conditions on which their participation in the second and final phase of the common market would depend. These were that the initial stage of tariff reductions was to take four years after which another agreement would be required to complete the common market within ten years. During this first stage the legislation regarding equal

4 Georges-Henri Soutou, *L'Alliance incertaine: les rapports politico-stratégiques franco-allemands, 1954–1996* (Paris, 1996) pp.21–22.

5 ibid., p.35.

pay, the length of the working week, of paid holidays and overtime rates would have to be harmonized in all member countries. From the first reduction in tariffs all discriminatory practices and acts of state intervention which were not for the purpose of correcting market distortions or price fluctuations were to be ended. A re-adaption and investment fund was to be given sufficient resources to enable it to be effective in the first transitional period. Quantitative restrictions were to be removed according to the procedure used in OEEC, while the common external tariff was to be calculated according to the weighted average of existing tariffs. Agriculture was to receive separate treatment and the market organized on the basis of a common agricultural policy. And finally there were to be a number of safeguard clauses which a member in difficulty could invoke unilaterally.[6]

Not everyone agreed with these conditions or shared the Ministry of Foreign Affairs's hostility to the common market. Bernard Clappier, head of the Direction of Foreign Economic Relations in the Ministry of Finance argued that the Benelux experience showed that it was possible to achieve a customs union for industrial products without any prior harmonization of economic, social or financial policies even though wages differed by as much as 40 per cent at the outset. In Clappier's view French national interest dictated that the prerequisites for a progressive move to a customs union should be a common external tariff set at the level of those in the United States and the British Commonwealth, a special regime for agriculture, and the right of a member country to impose temporary safeguards such as the special import taxes introduced in France in 1954.[7]

Although the problems of North Africa and fiscal reform dominated the legislative election campaign at the end of 1955 the attitude of the new government and of the new National Assembly to the common market was considered to be of critical importance. Would the new centre-left government led by the socialist Guy Mollet and the new National Assembly be any more sympathetic to European integration, and the common market in particular, than the one which had defeated the EDC treaty? The composition of the third legislature made it seem highly unlikely. The number of communist seats had increased from 100 to 150, while the Poujadist party, which had been formed in 1953 specifically to protest against changes to the tax system, won about 40 seats. On the other hand, Gaullists had lost 60 seats. On balance, though, the number of deputies who were strongly

6 MAE DE-CE 1945–1960. 613. Note from Service de Coopération Economique, 7 May 1956.
7 SGCI 121.9 (provisional reference). Note from Clappier, 21 June 1955.

opposed to European integration had increased, and the 'Republican Front' coalition of Socialists and Radicals which governed with a slender majority in the National Assembly contained a small number of Mendès-France Radicals who were also opposed to the common market. Thus even though the rest of the government, led by Mollet, was sympathetic to the common market on economic grounds, believing that protectionism itself inhibited the further growth and development of the French economy, it feared a repetition of the EDC fiasco.

Since there seemed to be a majority in favour of Euratom it considered that the momentum generated by the successful ratification of the Euratom treaty might make it easier to ratify the common market treaty at a later date. Thus, even though the new government appeared to be continuing the tactics of its predecessor, its overall objectives were rather different. Whereas the Faure government had wanted to sign the Euratom treaty in order to block the common market treaty, the Mollet government hoped that the very success of Euratom would make it easier to ratify the common market treaty subsequently. This change in strategy led to the appointment of Maurice Faure and Robert Marjolin, both strongly in favour of a common market, as advisers to the government.

In bilateral discussions between foreign minister Christian Pineau and his German counterpart von Brentano in mid-February 1956, Pineau tried to persuade the Germans that the Euratom Treaty should be ratified first, on the grounds that the common market faced so much opposition within France that it could bring down the entire integration process. But the German cabinet, he was told, had recently reaffirmed its commitment to linking the two treaties and had the full agreement of Belgium and the Netherlands.[8]

Publication of the Spaak report in April 1955 made no provision for the harmonization of legislation, nor for the adoption of temporary safeguard measures, to protect sectors in difficulty. At an interministerial meeting called on 11 May 1956 to discuss the report, the consensus view was that if market conditions in all member states were not equalized through legislation in the transitional period, France would be unable to proceed automatically to the second stage of the common market as the Spaak report recommended.[9] Indeed the provisions of the Spaak report for achieving a common market inclined the government once again towards pressing for the ratification of the Euratom Treaty first.[10]

8 MAE DE-CE 1945–1960. Allemagne, 368. Meeting in Brussels, 11 February 1956.
9 MAE DE-CE 1945–1960. No. 613. Report of meeting, 6–11 May 1956.
10 P. Guillen 'La France et la négociation des Traités de Rome: L'Euratom' in E. Serra (ed) *The Relaunching of Europe and the Treaties of Rome*, (Brussels, 1989).

The instructions which foreign minister Pineau took to the Venice conference of foreign ministers at the end of May 1956 were that he was to agree to the Spaak report as the basis for the intergovernmental negotiations leading to the two treaties, but with certain reservations. These were that the length of time needed to proceed to the second stage of tariff reduction should not necessarily be four years as the Spaak report stipulated but should depend on the progress made in harmonizing legislation. The second condition was that the overseas territories should be included in the common market.[11]

This second condition represented the conclusions of a lengthy study into the future of the French union conducted by a group led by General Corniglion-Molinier, a minister of state. Set up just three days after the French defeat at Dien Bien Phu which was to mark the end of French involvement in the war in Indochina, the group was asked to consider how the disparate structure of the French Union could be held together in the international economy for the benefit of all the constituent parts.[12] Quite apart from the nationalist pressure for independence from France there was considerable dissatisfaction in both the Empire and metropolitan France with the economic and financial arrangements in operation. The Empire blamed its relative underdevelopment on having to import goods from France at prices considerably higher than world prices. The French taxpayer complained about having to cover both the external and the domestic budget deficits of the empire while French agriculture complained about the increasing competition from colonial exports on the domestic market.[13]

Once discussions of a common market of the six got under way the question of the relationship between the French Overseas Territories and the common market had to be addressed. The initial assumption was that it would be possible technically to enter into a European common market while at the same time retaining a set of preferential arrangements with the overseas territories. This was based on the expectation that the full integration of the metropolitan economy with that of the overseas territories would be achieved rapidly while the integration of the European economies with each other would take much longer. Once the integration process had been achieved in both cases, it would be possible to keep each trading area distinct simply by controlling the origin of goods. Although it was felt that the costs, particularly to France, of investment in its overseas

11 SGCI 121.1 (Provisional reference). Venice Conference 29–30 May 1956.
12 A. N. 80 AJ 72. Meeting held on 14 March 1955.
13 Frances M. B. Lynch, *France and the International Economy from Vichy to the Treaty of Rome* (London, 1997) p.199.

territories would probably depress its living standards relative to those of its partners, such disparities could in theory be catered for by adjusting the exchange rate. Thus on the face of it France had the choice of joining the European common market with or without its empire. And judging from the absence of any discussion in the Spaak report France would be under no pressure from western Europe to include the empire.

Nonetheless, certain practical problems were envisaged if France joined the common market without the empire. One was that it would have to retain tariffs on imports of tropical produce from the common market in order to protect the higher-priced exports from the empire on the French market. Another was that the continuing cost to France of investment in the empire would be at the expense of the modernization of the French economy, even though certain industries would continue to enjoy preferential access to imperial markets. Whether the empire itself would be content to remain outside a European common market was felt to depend on whether the price advantage which its exports enjoyed on the French market was greater than the price advantage which French exports enjoyed on imperial markets.[14] Whether France would want to join the common market with the empire depended on the terms on which they joined, and it was largely to consider those terms that the French set up a special committee chaired by Alexandre Verret.

The first time that French ministers met after the Venice conference was on 4 September. In the light of the very positive endorsement which the National Assembly had given to the French plans for Euratom in July 1956 Maurice Faure warned that France's partners would delay progress on the Euratom Treaty unless the French government took a decision in favour of the common market. He offered three possible options to the government. The first, which was to reject the Spaak report, would undoubtedly be rejected by the French National Assembly. The second was to reiterate the French government's previous position, which was that France was not in a position to enter a common market at that time but wished to pursue its European policy by setting up Euratom first. The third option was to modify the Spaak report in a number of respects. To the two modifications which Pineau had already articulated at Venice, namely the harmonization of social legislation and the inclusion of overseas territories, four more could be added. These were that the French government

14 SGCI 121.9 Note from J. Gouot, 11 May 1956.

would commit itself only to the first stage of tariff reductions of four years; that it would retain its special import taxes and export subsidies; that it should be allowed to take emergency measures to deal with a balance of payments deficit unilaterally; and that it should postpone the starting date of the common market until the problems in North Africa had been resolved satisfactorily. It was this third option which ministers were invited to discuss.

The debate turned less on the conditions of acceptance of the common market and more on the costs of non-acceptance. It was clear that if the government did not commit itself to the common market it would lose the Euratom Treaty and be driven into isolation in both its economic and foreign policies. While the French government could minimize the risks to the economy of joining the common market, it was not obvious how it would minimize the risks of not joining since it would not be able to control or participate in the trade liberalization of the OEEC. It was a persuasive argument of which only a minority, including the Socialist Paul Ramadier and the Gaullist Radical Jacques Chaban-Delmas, remained unconvinced. Of the conditions which Maurice Faure proposed, it was recognised that it would be unreasonable for France to insist that its partners changed their social legislation in the first stage of tariff reduction if at the same time France refused to commit itself to the second stage of the common market. The view was that France would commit itself to the second stage if the other conditions were met.[15]

Shortly after this meeting Mollet made a trip to London to suggest a fourth possible option to Anthony Eden. The highly secret nature of his proposal and the absence of any prior discussion in France reveals something of the desperation of Mollet at this time. Referring to the critical period in June 1940 when Churchill had proposed forming a union between Britain and France in order to keep France in the war, Mollet suggested forming an Anglo-French economic union, to keep France out of the common market. Among other things, this would have entailed pooling the gold and dollar reserves of the entire sterling and franc areas, which Mollet argued would have helped to solve both Britain's and France's recurrent balance of payments problems, thereby strengthening both countries economically.[16]

15 SGCI 122.21 Meeting of the Interministerial Committee, 4 September 1956.
16 PRO CAB 130/120. 'Union with France: Economic Considerations'. Memorandum by the Treasury, 22 September 1956.

Although what was under discussion was an economic union, in the days leading up to the invasion of Suez the political effects of such a union on the position and effectiveness of both Britain and France in the world was a central issue.

Mollet's proposal was discussed at some length by the British Cabinet, but there was never any suggestion that it should be acted upon. The Treasury, while not unaware of the high rates of investment and growth which had been taking place in the French economy, thought that it would take a further 10 to 15 years before the structural weaknesses of the French economy could be overcome. An economic union with France would, it warned, simply encourage the backward sectors of the British economy to demand continued protection. Nor would the pooling of the gold and dollar reserves of the two countries' monetary areas be mutually beneficial, it argued. Far from strengthening confidence, it would undermine that of the holders of sterling balances, while doing little to entice the French private holders of gold and dollars to release them to the government. A further problem identified by the Treasury was the potential commercial conflict between the British and French African colonies as well as the cost of investment in the French colonies.

Mollet's proposal coincided with discussions within the British Cabinet of their proposal to form a free trade area in OEEC. Known as "Plan G", this was to be Britain's response to the common market of the Six. Britain's intention was to sign a treaty between the European Free Trade Area and the common market which would guarantee free trade in manufactures between the two areas, as soon as the common market was set up. Mollet's proposal raised the possibility that France could form a customs union with Britain within the general framework of Plan G. This would mean that there would be an Anglo-French customs union in a free trade area with a German-Benelux-Italian customs union and perhaps a Scandinavian customs union. The problems in this arrangement were obvious immediately to the Treasury. Not only would it mean altering the European Coal and Steel Community in some way, but for Britain it would raise all the difficulties of imperial preference, and of the inclusion of agriculture, which Plan G expressly avoided.

Predictably, the concern of the Foreign Office was that an Anglo-French economic union would interfere with Britain's relations with the United States, the Commonwealth and the rest of Europe, particularly West Germany.[17]

What the Cabinet wanted was to pursue Plan G and in that way secure closer economic cooperation between the common market, including France, and the rest of OEEC. The only offer to Mollet was that once these arrangements were in place Britain would consider Mollet's subsequent proposal that France could join the British Commonwealth. Indeed there was some support in the Cabinet for extending membership of the Commonwealth to Belgium, Holland and perhaps Norway as well![18]

Soon after "Plan G" became official British policy it was seized upon by opponents of the common market as an alternative to Europe of the Six. One of the most outspoken of the common market's critics was the West German Economics Minister, Ludwig Erhard. On learning from Maurice Faure that the French government remained committed to the harmonization of social legislation in the first stage of the common market, Erhard decided to use that issue to block progress on the common market, and he did this very effectively at a meeting of the six foreign ministers on 20–21 October 1956, which he insisted on attending.

At this stage the feeling in the Quai d'Orsay was that the French should perhaps abandon their condition regarding the harmonization of social legislation. It was recognised that the economic case for it was quite shaky anyway. It was also recognised that since Britain opposed it, it would make the association between the Free Trade Area and the common market harder to agree; and the Quai d'Orsay thought that it would be easier to have the common market Treaty ratified by the French National Assembly if it was presented at the same time as the terms of association with Britain and a free trade area.

But it was Adenauer who was determined to have the common market Treaty ratified before the Free Trade Area and who insisted on making the compromise regarding the harmonization of social legislation, during his famous meeting with Mollet on 6 November 1956. Of course the dramatic events of Suez and Hungary, which were unfolding as he travelled to Paris, may have strengthened his resolve, but it is most probable that he would have done it anyway in order to get the common market. As far as Mollet was concerned, after Britain's rejection of his last desperate overture to form an economic union, France had no option but the common market. All that remained was to make the terms of the Euratom Treaty so innocuous that nobody objected to it, and to agree the terms of association of the Overseas Territories.

17 PRO CAB 130/120 Memorandum by the Foreign Office, 22 September 1956.
18 PRO, CAB 130/120, Meeting of Ministers held at 10 Downing Street, 1 October 1956.

Conclusions

There were several reasons why French policy towards the common market changed. One reason was that in the legislative elections held in January 1956 a new Republican Front government composed of Socialists and Radicals was formed which was more sympathetic to the Common Market than its predecessor. It remained uncertain though whether it could command a majority in the National Assembly or whether it would face a repetition of the EDC fiasco if it presented an unpopular treaty for ratification.

A second reason was that the new government brought in a number of economic liberals as advisers, chief among whom was Robert Marjolin. They argued that it would only be through increased competition in Europe that the modernization of the French economy could be sustained. This argument together with the evidence of the growth of French trade with Europe of the six, as seen in Table 1, strengthened the economic case for the common market.

A third reason was the uncertainty over the future of the French Union. Since the Second World War the French policy of reasserting itself as a world power had depended on a programme of investment to develop the economies of the French Union. Most of this investment had come from the counterpart of Marshall Aid. As Marshall Aid ended and this cost was borne by the French taxpayer the government faced increasing domestic opposition to the policy. By May 1956 it had worked out a strategy for getting the five common market countries to share the burden of financing investment in the French Union as a condition for French membership of the common market.

A fourth reason was the failure of an alternative strategy developed apparently in secret by Prime Minister Guy Mollet, which was based on Britain and the Sterling area forming an economic union with France.

It was only when this proposal was rejected by the British government that the French became more committed to the common market. Even then they hoped that for political reasons it would be possible to combine the common market with the Free Trade Area proposed by Britain.

Finally a fifth reason was that the other five European governments agreed to a number of the conditions which the French laid down. These included the harmonization of social legislation, the association of the French Union with all its financial consequences, the level of the common external tariff, and some provision for a common agricultural policy.

Table 1

Foreign Trade of Metropolitan France (in millions of current francs)

	1949	1950	1951	1952	1953	1954	1955	1956	1957
Europe of 6									
Imports	1404	1803	2623	2464	2336	2658	3326	4117	4839
Exports	1365	2188	2299	2259	2623	3200	4155	4043	4729
Total	2769	3991	4922	4723	4959	5858	7481	8160	9568
Franc Area									
Imports	2406	2808	3358	3603	3656	4112	4150	4625	5393
Exports	3267	3875	5474	5981	5202	5467	5586	5220	6555
Total	5673	6685	8832	9584	8858	9579	9736	9845	11948
All countries	17102	21510	30996	30080	28643	30316	34100	36016	41568
Europe of 6 as % of total	16.3	18.6	15.9	15.7	17.3	19.3	21.9	22.7	23.0
Franc area as % of total	33.3	31.1	28.5	31.9	30.9	31.6	28.5	27.3	28.7

Source: INSEE, *Le Mouvement Economique en France, 1949–1979* (Paris, 1981).

Although the winning argument in the ratification debate was the need to strengthen the effectiveness of French foreign policy, particularly after the humiliation of Suez, the reasons for signing the Treaty of Rome were primarily to defend domestic economic and social policies and to maintain the integrity of the French Union. It was on this basis that de Gaulle accepted the common market and the limited loss of sovereignty which it entailed.

Germany[1] and the EEC—a choice between Britain and France

SVEIN DAHL

At this seminar the concept "national interests" relates "to how the involved governments defined their respective great power-, security- and economic interests vis a vis the EEC." The Federal Republic of Germany[2] considered itself to be the only legitimate representative of the German people, and its overriding national goal was to reunite the Germans by including the DDR in the Federal Republic. In Germany the EEC issue was put into this context, and concentrated on the problem of how to continue and speed up the political and economic advancement of the new republic. In the following, which concentrates on the years 1957–1963, it will be argued that the German stand can be deduced to a choice between two partnership candidates, Britain and France. Britain was an ideal candidate if West-German interest was defined in terms of economic expansion by means of all European free trade arrangements, France if it was defined in terms of political advancement by means of traditional great power politics. The imminence of the choice opened a divide in the cabinet. Chancellor Adenauer was determined and unwavering in his preference for France, Vice Chancellor and minister of economy, Ludwig Erhard, was just as steadfast in his preference for Britain.

The Chancellor settled the matter with great resolve. Mercilessly and resolutely he turned down the choice of Erhard. His determined action reflected the overriding importance he attributed to this choice. In Adenauer's view an outcome contrary to his will would represent a serious blow to a cornerstone of his foreign policy. The established French-German understanding and close cooperation, particularly in the

1 Germany is in this presentation used synonymous with the FRG.
2 Hereafter shortened to the FRG.

ECSC,[3] had been decisive in accommodating self-determination to the FRG. Instead of dropping France for Britain, the Chancellor settled for a consolidation and deepening of the French-German platform in order to secure continued German political progress. A reversal of policy by adopting the Erhard line would on the contrary unleash an upsurge of French negativism detrimental to vital German interests. In the following the objective is to demonstrate, on the basis of recently released archival material, that this was the more of a problem as Adenauer, and for good reasons, saw Britain as the most dedicated, steadfast and potent West European adversary of continued German advancement. Consequently, the job was to overcome "hostile" British policies by widening and deepening French-German cooperation. Thus the contention is that traditional power politics and rivalries about leadership of Western Europe represented a central component of the process which led to the formation of the EEC. France played a predominant role in the leadership struggle, but basically this must be seen as a confrontation between Britain and Germany.

The Erhard arguments

Erhard, backed by industrial interests, did his best to topple the signature of the Treaties of Rome. His persistent objections sprang primarily from economic considerations related to the EEC as a customs union with a common external tariff and treaty bound commitments to comprehensive policy harmonisation. Being an ardent advocate of international free trade Erhard could not accept an EEC deal with France which would bring Germany and her competitive economy into a protectionist organisation which by its very nature halted the advancement of free trade. By close cooperation with France within the framework of the EEC the German economy would soon get entangled into a web of protective measures designed to maintain uncompetitive French production and jobs, Erhard argued. He furthermore maintained that social policy harmonisation on the terms laid by France were to burden Germany with a substantial rise in social costs, and concluded that the EEC deal altogether would bring German competitiveness down to the same poor level as that of France.[4]

Erhard also strongly deplored the effects in the field of foreign policy. To him the EEC represented an outright exclusion of the UK from conti-

3 The European Coal and Steel Community.
4 Milward, Alan: The European Rescue of the Nation-State, London 1992, p.213.

nental matters of great importance to all of Western Europe. The FRG was now directed away from Britain and her European free trade policy and into close, committed and exclusive cooperation with France. The creation of the EEC would split the West European countries into two groups, members and non-members. This division might well trigger off a trade war with all its serious controversies. Instead of uniting Europe one would run the risk of contributing to her division and destabilisation. In Erhard's view the deal worked contrary to the genuine interests of the Federal Republic. His conception, rooted in economic liberalism and functionalist thinking, called for an expansion of German exports by free trade arrangements like those proposed by Britain. A joint Anglo-Saxon—German free trade venture would generate export led economic growth, represent inclusive and genuine integration and develop a degree of interdependence within the Atlantic community which were to link the interests of the Anglo-Saxons to the well-being of Germany. This line of policy would secure steadfast and full German integration into the community of western democracies, rally unconditioned western support of German independence from the Soviet Union, and provide a common ground of interest strong enough to handle the political problems related to the particular status of the FRG.[5]

Adenauer's attitude to Britain

Adenauer seems to have realized that the British attitude to the Germans was dominated by scepticism and lack of trust. He furthermore believed that Britain would do her best to keep the Germans down, and above all take precautions to avoid German domination of the continent. Due to her military power, her special relationship with the US, her international status as the leader of the Commonwealth, and her strong stand among the smaller European states, Britain stood out as the most potent West European adversary of a full German recovery. Adenauer concluded that the basic and long term struggle for predominance within the European arena was the one unfolding between Britain and Germany.

5 In a letter to the Chancellor of April 11. 1956 Erhard characterized an EEC deal as: "Teillösungen ... die im Effekt nicht zu einer echten Integration, sondern nur zu einer Aufsplitterung und Zerfransung der Volkswirtschaft führen. Wer die Funktion einer europäischen Wirtschaft im Sinn eines gemeinsamen Marktes bekämpfen und zerstören will, muss solche Teillösungen fordern, ... Im übrigen zeigt sich immer deutlicher, dass wir unsere eigentlichen politishen Anliegen nur in engster Zusammenarbeit mit den Vereinigten Staaten und Grossbritannien befriedigend lösen können" ... Erhard to Adenauer 11. April 1956, Adles, Nachlass Erhard 11)4, S.15. Quoted from Koerfer: Kampf ums Kanzleramt, Stuttgart 1987, p. 138 and 139.

This assessment of the Chancellor seems to have been a realistic one. British distrust of German motives and their worries about a speedy rise of the Federal Republic were expressed very bluntly in a report by the Joint Planning Staff of the Ministry of Defence of March 15. 1950. *"There is at present in Western Germany a widespread dread of Russian domination which makes them seek support from the West. Nevertheless, we believe that the Germans are no more than superficially interested in Western democracy for itself, and that their real concern is the restoration of a united Germany.*[6] In late 1951 Prime Minister Churchill called for the implementation of an effective containment of Germany policy headed by Britain and the US. Simultaneously he informed the German Chancellor that the economic, industrial and military potentials of the FRG in combination with the weaknesses of France necessitated such a policy.[7] Adenauer had all throughout his tenure been confronted with this policy of containment, and he saw no hope of a modification, let alone an abolishment, of this in his perspective negative approach of the British. The relevance of the Chancellor's point was demonstrated recurrently by British prime ministers. During the Messina negotiations, which led to the establishment of the EEC, Prime Minister Macmillan in early February 1956 exposed the anti German component of his policy in a note to Sir Edward Bridges, Permanent Secretary of the Treasury: *"perhaps Messina"*, read the EEC, *"will come off after all and that will mean Western Europe dominated in fact by Germany and used as an instrument for the revival of German power through economic means. It is really giving them on a plate what we fought two wars to prevent ..."*[8] And this continued for years ahead. At the NATO crisis in 1966 Harold Wilson, who headed the then Labour govern-

6 PRO.Defe 6/11 44280.

7 In a cabinet note of Nov.29. 1951 Churchill stated: "I always recognised that, as Germany is potentially so much stronger than France, militarily and economically, Britain and if possible the United States should be associated with United Europe, to make an even even balance ..." Churchill realized: "There can be no effective defence of Western Europe without the Germans." This crux of the matter called for full control of the erection of an German army by entangling it into Western defence, or as he said it himself: "There is the NATO Army. Inside the NATO Army there is the European Army, and inside the European Army there is the German Army." PRO.Prem II/373. In a conversation with Adenauer at No. 10 on Dec.4. 1951 Churchill told the Chancellor: "that Great Britain must help France to keep a balance in Europe because it was undeniable that Germany was stronger than France. And on that account, one contribution we could make would be to lessen French fears of Germany ... he desired to create a firm Franco-German friendship in which England could extend a helping hand by preserving a balance in Europe." PRO.FO 371/93456.

8 PRO T 234/100, February 1. 1956. See also Kaiser, Wolfram: Using Europe, Abusing the Europeans. Britain and European integration, 1945–63, London/New York 1996, p. 62–63.

ment, pleaded the US to remain massively in Europe in order to keep up continued and effective containment of Germany.[9]

With dismay Adenauer recognized this negative component as a permanent ingredient of British policy vis a vis Germany and continental integration. His dissatisfaction was openly expressed: *"Überhaupt ist die englische Haltung sehr kritish zu beurteilen. England legt sich quer gegenüber allen Bestrebungen zur Integration Europas."*[10] *"England könne sich nicht loslösen von der jahrhunderteralten Tradition seiner Politik des "divide et impera" gegenüber dem kontinentalen Europa."*[11]

Historical evidence thus indicates that the Chancellor was inclined to interpret UK policy moves vis a vis the continent on the basis of this negative approach. When the British proposed the establishment of an all European free trade area, FTA, the Chancellor interpreted the initiative as an effort to block the evolvement of a continental scheme for comprehensive political and economic cooperation. Consequently, at the end of the road he sided with de Gaulle in turning these proposals down.[12] In his view Britain's prime concern was to water down and remould any wide ranging continental scheme for committed and treaty bound cooperation. The FTA initiative could hardly be understood as anything but another exercise in the *"devide et impera"* technique of the British. UK great power interests did not admit of an independent continental momentum, not to speak of a full German restoration. Thus in the thinking of Adenauer Britain was no partnership candidate at all, she stood out as an adversary.

9 "Draft message to president Johnson from the Prime Minister" of March 18, 1966. "I start from the proposition that the North Atlantic Treaty is vital to the security of Britain. And that it must therefore continue ... first, because it commits the United States to the defence of Europe; secondly, because it provides a tolerable context in which not only Britain, but most of Europe as well, have been able to stomach Western German rearmament." PRO.Prem 13/1043 44707.

10 Die Protokolle des CDU-Bundesvorstandes 1950–1953, May 10. 1951, p. 35.

11 Die Protokolle des CDU-Bundesvorstands 1957–1961, April 25. 1958. Düsseldorf 1994, p.116.

12 Maudling, who in the last fase headed the British FTA negotiating team, was very outspoken in linking the outcome to the question of political leadership in Western Europe: "If they fail, the prospects for us facing 160 million people under German leadership would be grim indeed; the attractive power they would posess, both political and economic, would progressively bring other countries closer into their orbit." PRO, PREM 11/2531, 5. Aug.1958. See also: Utne, Tormod: Brobygging dømt til å feile. Hovedfagsdissertation Trondheim 1996, p 24–35. Prime minister Macmillan put heavy pressure on Adenauer to make him influence de Gaulle and warned the Chancellor: "that it would be very bad if the United Kingdom found herself economically isolated as the result of French difficulties. No British Government could continue to take part in the military defence of a continent which had declared economic war upon her." PRO PREM 11/2328 "Record of Visit of the Prime Minister to Bonn, October 8–9, 1958." See also Utne p. 28–30. Macmillan's threat against Adenauer was to no avail. France did not soften her position, and there was no sign of a rift between the Chancellor and de Gaulle, rather to the contrary as Adenauer had no objections when the French decided to break the negotiations. Utne p. 30–31.

Adenauer turned down the Erhard conception

On the basis of his negative assessment of British motives Adenauer was in no doubt that the Erhard conception had to be turned down. He admitted that a free trade solution would propel further German economic expansion, and that a policy choice for France and the EEC might entail some economic costs. However, the slow and unpredictable workings of the economic functionalism Erhard advocated represented no adequate response to the task ahead. Such a policy might well activate the many divergent economic interests within and between the continental countries, and in worst case possible end up in an outburst of national egoism detrimental to constructive multilateral cooperation.[13] The Erhard prescription would at best leave the Federal Republic as a member of a loose European grouping, a member with no prospect of working itself out of the political restrictions imposed on it. Nobody but Britain would benefit from such a state of affairs.

At the present crossroad of European history the FRG had attained self-determination except for defence. This had been achieved by Adenauer,s distinct and steadfast west oriented policy, which had opened for a gradual integration of the new republic into the community of western democracies. Germany was now a member of the European Council, the OEEC, the EPU,[14] the ECSC and the NATO. She had not only sorted out her most serious problems vis a vis France, but was also cooperating closely with the former enemy in the bodies of the ECSC. Thus the most urgent issues relating to Germany's place within the European and Atlantic context of economic and military cooperation had been settled. In addition the German economic miracle, das Wirtschaftswunder, had not only speeded up German exports, but also generated an ever expanding domestic market. The FRG stood out as an economic locomotive which attributed greatly to the economic well-being of all of Western Europe. This added significantly to its prestige and influence in the cooperative and integrating bodies of Europe.[15] According to the Chancellor the time was now ripe for a more offensive policy. Independent policy choices designed to establish a German great power position had to be made.

13 Loth, Wilfried: Der Weg nach Europa, Göttingen 1991, p.116–121.

14 The European Payments Union, the EPU, was a body under the OEEC.

15 A huge bulk of scholarly litterature describes and discusses this development. Prominent representatives are John Gillingham, Klaus Hildebrand, Alan Milward and Hans-Peter Schwarz. A condensed and short summing up is found in Svein Dahl: West European Integration and the Rise of a New Germany. Oslo 1996.

Adenauer's ambition was to steer the process of West European integration in a direction which optimized the options for a full German revival. He had to find political and diplomatic instruments effective enough to counteract the formidable forces which stood against continued German advancement in general, and an eventual reunification in particular. Reunification on West-German premises was effectively blocked by the Soviet Union, the western allies carried out a containment of Germany policy which left the FRG with a nuclear deficit, supervised and controlled rearmament and a NATO adjusted defence strategy.[16] Furthermore Adenauer had to endure the risk of an east-west agreement on Europe at the expense of vital West German interests. The Chancellor was not in the grip of illusions. He fully realized that reunification in all probability belonged to a distant future. His task was to prepare the ground for it by strengthening the FRG in all respects and make it stand out as a major European power in its own right. The goal was to ensure that an eventual reunification would emanate from the FRG which by its liberal democracy, rule of law and "Soziale Marktwirtschaft" had to be accepted as the only legitimate representative of the German people.[17]

The challenges which confronted Adenauer's restoration project called for political resolve and speedy decisions. In his assessment the FRG was in immediate need of additional bargaining power. This need had to be met if the Germans ever again were to be in command of their destiny. The job was to counteract and modify the many forces which presently contained Germany. Consequently the economic, industrial and technological potentials of the new republic had to be embedded and utilized in a framework which gave optimal political output. The best option to this end was a French-German partnership operated within a cohesive EEC.[18]

16 Schwarz, Hans-Peter: Geschichte der Bundesrepublik Deutschland. Band 3. Die Ära Adenauer 1957–1963, p 369.

17 Ibid.

18 "Die europäische Integration," read close cooperation with France within a continental framework, "war das notwendige Sprungbrett für uns, um überhaupt wieder in die Aussenpolitik zu kommen." Adenauer to Erhard 13.4.1956, Nachlass Erhard, 11) p.8. "Wenn die Integration gelingt, können wir bei den Verhandlungen sowohl über die Sicherheit wie über die Wiedervereiningung als wesentliches neues Moment das Gewicht eines einigen Europas in die Waagschale werfen. Umgekehrt sind ernsthafte Konzessionen der Sowjetunion nicht zu erwarten, solange die Uneinigkeit Europas ihr die Hoffnung gibt, diesen oder jenen Staat zu sich herüber zu ziehen, dadurch den Zusammenhalt des Westens zu sprengen und die schrittweise Angliederung Europas an das Satelittensystem einzulaten. Hinzu kommt, dass die dauerhafte Ordnung unseres Verhältnisse mit Frankreich nur auf dem Wege der europäischen Integration möglich ist. Sollte die Integration durch unser Widerstreben oder unser Zögern scheitern, so wären die Folgen unabsehbar." Die Auswärtige Politik der Bundesrepublik Deutschland, published by Auswärtigen Amt, Köln 1972, p. 317.

Thus we observe that the strategy of the Chancellor seems to have been primarily based on the conceptions of traditional great power politics. When he analysed the setting in which the FRG was operating, he concluded as follows: The US would welcome a political consolidation of western Europe. The Americans preferred a political arrangement which included all European NATO members. For the time being this seemed to be out of reach. Consequently a continental political and economic union represented the second best. US authorities viewed a continental constellation headed by France and Germany, not only as an effective guarantee against renewed rivalries between the two former enemies, but also as a substantial contribution to the consolidation of Western Europe. The British assessment, on the other hand, seemed to be that French-German cooperation within the ECSC, the Saar agreement between the two, and French acceptance of German NATO membership had effectively defused the French-German problem. What remained, according to UK authorities, was an even more urgent call for effective containment of the ever expanding German republic. Consequently, the British opted for a loose free trade association empty of any wide ranging political commitments, and primarily confined to the task of removing tariffs on industrial manufacture. From within an organisation of this character Britain would be in a position to activate the many differences of interests between the continental countries and thus establish alliances directed at effective containment of Germany whenever it was required. Due to the American position, Britain, however, was in no position to block a comprehensive continental scheme, if the Six possessed the political resolve to bring it about.

France—the ideal partnership candidate

In Adenauer's view France represented the ideal partnership candidate. In an interview with Charles D.Jackson of Time magazine June 28. 1962 the Chancellor presented two of the reasons why this was so: "*Wenn Deutschland und Frankreich—und das ist die eigentliche Triebfeder meiner ganzen Politik—so eng zusammenwachsen—und zwar die Völker—, so dass, soweit der Mensch überhaubt in die Zukunft sehen kann, niemals eine deutsche Regierung oder eine französische Regierung es unternehmen kann, ein besonderes Verhältnis zu Russland herzustellen, dann sind unsere beiden Länder, Frankreich und Deutschland, und Westeuropa gesi-*

chert gegenüber dem weiteren Vordringen Sowjetrusslands. ... Das ist bei England nicht so der Fall. England ist lange nicht so gefährdet durch Sowjetrussland wie Deutschland und Frankreich. Mitten in diesem Problem Gemeinsamer Markt und dann eventuell politische Union steckt dieses ganz grosse Problem, nicht nur, wie schaffen wir uns grosse Märkte, sondern: Wie sichern wir uns gegenüber Sowjetrussland?"[19]

According to Adenauer there had to be established a state of mutual trust between France and Germany by a partnership strong enough to safeguard against any of them ever returning to a special understanding with Russia. A consolidated and durable partnership between the two was the only way to rid themselves and all Western Europe of renewed Russian infringements.

By confining Soviet influence to behind the Iron Curtain the stability of the continent would remain an exclusive continental matter which primarily had to be sorted out by a thorough French-German agreement.

The second common concern pertained to security. A look at the map demonstrated that France and the FRG were the two western great powers most immediately exposed to the Soviet threat. Consequently the security interests of the two differed from those of Britain and the US. This fact represented a potential for divergences within the Atlantic alliance between France and West-Germany on the one hand and the Anglo-Saxon powers on the other. And as the alliance were to be dominated by the Americans, the need for French-German policy coordination would pop up recurrently.

But there was more to it. In the tactical calculations of Adenauer a joint venture of the two might, in the course of time, diminish the Anglo-Saxon influence on continental affairs, and make the region stand out in its own right under French-German guidance. A development to this end would enhance the influence of both countries. The Chancellor felt pretty sure that the historically conditioned French resentments and inferiority complex vis a vis the Anglo-Saxons would effectively underpin a foreign policy component of this character. At his first meeting with de Gaulle at Colombey-les-deux-Eglises Sept. 14. 1958 Adenauer was proven correct. The two statesmen agreed that British and American influence on continental affairs ought to be diminished.[20] To the Chancellor that very agree-

19 *Adenauer Rhöndorfer Ausgabe Teegespräche 1961–1963. Siedler Verlag, p. 225.*

20 Schwarz, Hans-Peter: ADENAUER Der Staatsmann 1952–1967, Stuttgart 1991, p. 454–457. Koerfer, Daniel: Kampf ums Kanzleramt. Erhard und Adenauer. Stuttgart 1987, p.206–226.

ment was most encouraging. He knew that France had to improve her competitiveness by continued economic modernisation, and also that she was in need of new markets for her agricultural production. Germany could meet both demands by accepting an EEC policy adjusted to these particular problems of France in exchange for foreign policy support. A consolidated and tight partnership seemed to be in prospect.

If mutually beneficiary trade offs progressed, France, by the very nature of politics, would reduce her input to the containment of Germany policy, which the British pursued in order to keep the Federal Republic down. Adenauer, however, had to maintain a workable relationship with the UK. He knew far too well that German security in the final end depended on American—British guarantees and massive Anglo-Saxon presence in his country. Consequently, the anti-British component of his foreign policy had to be operated with great care. Domestic policy concerns also necessitated care. The potential of the pro-British Erhard opposition had to be taken into consideration at every step. France, on the other hand, was neither subjected to a policy of containment, nor bound by treaty restrictions. In all matters she was free to act absolutely independently of the Anglo-Saxon powers. Thus close and committed French-German cooperation offered Adenauer the opportunity to have the necessary anti-British policy moves initiated and implemented by the French without exposing himself to diplomatic risks and domestic criticism.

The Success

Adenauer's expectations were fully met. The EEC was turned into a cohesive community which exerted great political and economic influence in the Western camp. He himself contributed decisively to the success by conceding specific German economic interests to the benefit of his partners. This was in particular true with regard to France. The Chancellor placated his partner by committing himself to social policy harmonisation, and he sacrificed German agricultural interests to meet de Gaulle's insistence on getting the Common Agricultural Policy, the CAP, on track. Both concessions caused him domestic trouble, in particular the latter.[21] The Chancellor was, however, amply rewarded.

21 See note 2 and Hendriks, Gisela: Germany and European Integration, New York/Oxford 1991, p.45–50.

Less than a year after the Community was put into operation it affronted Britain. In late 1958 president de Gaulle turned down the British FTA proposals which aimed at bridging the trade split by including the EEC in an all European free trade arrangement. The general's no deprived the UK not only of economic benefits, but also of an option to counteract the emergence of a political and economic cohesive EEC. Germany as well as the other community members abided by the ruling of de Gaulle. None of them was willing to take a fight and thus jeopardize the EEC for the benefit of Britain. To UK authorities this represented a bad omen, and in particular as Adenauer in all probability had been in accordance with the French president all the way since Sept. 1958.[22] France and Germany seemed to be bent on turning the Community into an exclusive organisation detrimental to British political and economic interests.

The British were seriously worried that the working procedures of the EEC announced new confrontations. From the very outset the Community worked out a practise of internal consultations which affected and disturbed the established pattern of consultation in the West. The British feared that the internal EEC deliberations would go beyond the exclusive businesses of the Common Market, and gradually include broader issues of economic and political concern to the whole community of western democracies. If this were to happen the routines of western policy making would take on a new form which might have an adverse effect on British influence and interests.

The importance of the matter was strongly underlined during Chancellor Adenauer's visit to London 17–19 Nov. 1959. Macmillan's Foreign Secretary, Mr. Selwyn Loyd stated that Britain was not against *"political consultations among the Six ... and regarded anything which brought the Six together as a British interest. But it was essential that such consultations should not exclude the United Kingdom. If these consultations took place without the United Kingdom that would also cause division. Naturally there were some questions which were peculiar to the Six and which they would wish to discuss among themselves, but on the broader issues the British Government hoped that consultation would not develop in an exclusive way."* [23]

Selwyn Loyd's statements testify to the contention that the community from its very beginning emerged as an independent entity in western poli-

22 Kaiser, Wolfram: Using Europe, Abusing the Europeans, London and New York 1996, p. 97.
23 PRO-PREM 11/2714, 1959, p. 40 and 41.

tics, and gradually took on the character of a diplomatic instrument particularly designed to serve French and German interests. The London meeting also demonstrated that Adenauer had added to his bargaining power. He was now in a position to meet or turn down a request of great significance to the UK.

The German–UK confrontation represented a central ingredient when Macmillan decided to apply for British EEC membership in 1961, and likewise when the application was turned down in January 1963. In 1961 Macmillan had reached the conclusion that the leader of the EEC also would turn out to be the leader of Western Europe. Presently France aspired to this position, later Germany, due to her economic, industrial and military potentials, would take on the leadership position. And all the way the two in their capacity of operating the EEC would make up an axis or a third force within the Atlantic community. Such a state of affairs would inevitably direct US attention away from the UK and on to the continent. To avoid the risk of being isolated and marginalized, to avoid the prospect of German domination, and to maintain her special relationship with the US Britain had to join the EEC, Macmillan argued.[24]

During the membership negotiations the UK obtained nothing but verbal support from the German Chancellor. Adenauer made it perfectly clear to Macmillan that he was not willing to take a confrontation with de Gaulle to open the door for UK membership. His reaction to the provocative no from the French president was so mild that it indicated acquiescence in rather than resentment against the ruling of his partner.[25] The Chancellor seems to have interpreted the British application as a political move directed against continued advancement of Germany. The EEC survived the crisis and Britain remained outside. Adenauer could conclude that the partnership with France within the framework of the Community so far had served its purpose by taking the edge out of the anti-German policy of Britain.

24 Steinnes, Kristian: Britain's EEC Application in 1961. Contemporary European History, Vol 7 part 1 March 1998, p. 61–79.

25 Dahl, Svein: West European Integration and the Rise of a New Germany. Arena Working Paper No. 21/96, Oslo 1996, p.27 and 28.

Britain's EEC application in 1961

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In mid-July 1961 the Conservative government in Britain, headed by Harold Macmillan, decided to apply for full membership of the European Economic Community (EEC).[1] Successive British governments had persistently opted for intergovernmental co-operation instead of supranational integration as in the case of the European Coal and Steel Community and EEC; which had come into operation in 1958. British governments had from 1956 onwards worked for a wide European free trade area (FTA). However, little more than two years after the FTA negotiations had broken down, the Conservative government decided to open formal negotiations with the EEC. In this short presentation I will try to analyse the reasons why the British government decided to apply for full membership in the Community and subsequently embarked on formal negotiations. And I will simply ask: Did the British government reach the decision so as to comply with the wishes of the new US government and thus strengthen the so-called 'special relationship' of confidence between the USA and the UK? Or was the British government's bid for membership grounded in the wish to maximise its status as a great power and prevent a too strong Franco–German alliance?

In this paper I will concentrate on Prime Minister Macmillan's assessments prior to the decision to submit an application for membership in the EEC, and in particular what he did understand as Britain's vital interests during the application-process. My research has indicated that Prime

1 Foreign Relations of the United States (FRUS), 1961–1963, Volume XIII, *West Europe and Canada*, (Washington 1994), 1042; John W. Young, *Britain and European Unity, 1945–1992*, (London: Macmillan, 1993), 76; Bjarne Lie, *A Gulliver among Lilliputians ... A History of the European Free Trade Association 1960–1972*, unpublished master's dissertation (University of Oslo, 1995), 144; and Kristian Steinnes, *Outside Europe's Magic Circle. Macmillan og den britiske regjeringa – den første søknaden om medlemskap i EEC i 1961*, (University of Trondheim, 1995).

Minister Macmillan was, I may say, *the* leading figure in the re-evaluation process. This is also attested by the American State Department on 21 March 1961: 'Mr. Macmillan's popularity is still high at home, he wields exceptional power and himself makes the big decisions and sets the tone for the government'.[2]

In the last days of 1960, Macmillan wrote a long personal analysis of the situation. The Prime Minister had made up his mind. Britain had to enter the EEC.[3] The big question was how and when to achieve membership in the Community – and to us why? A memorandum prepared on instruction by the Prime Minister, by the Secretary to the Cabinet, Sir Norman Brook, concludes, in accordance with Macmillan's view, that it would be to Britain's advantage to take some early initiative towards a settlement between the Six and the Seven[4] – i.e. to apply for membership – sooner rather than later.

Several authors have seen the application as necessary to please the new US government. This assessment is still very much alive as, for example, Henry Kissinger's latest book shows.[5]

In his memoirs Macmillan describes his memorandum and the considerations in Brook's report, primarily as a basis for discussions with the new President [Kennedy] and 'the objectives which we would try to *persuade* him to support'.[6] The question is what objectives Macmillan considered necessary to *persuade* Kennedy to support?

The qualified guess among British policy makers was that France and General de Gaulle constituted the main obstacle which had to be overcome if Britain was to enter the EEC.[7] Accordingly, as Macmillan's mind moved gradually towards membership in the Common Market, a sensible strategy for reaching accommodation with the General had to be devised. He was aware of de Gaulle's negative attitude towards UK membership in

2 FRUS, '1961—1963, Volume XIII, West Europe and Canada', 1033.

3 29 Dec. 1960–3 Jan. 1961, PREM 11/3325, 2–3, 9 and 28. See also Ian Clark, *Nuclear Diplomacy and the Special Relationship. Britain's Deterrent and America, 1957–1962*, (Oxford: Clarendon Press, 1994), 303.

4 18 Jan. 1961, CAB 133/24, 3.

5 See for example: Wolfram Kaiser 'To join, or not to join: the "Appeasement" policy of Britain's first EEC application' in Brian Brivati and Harriet Jones, ed., *From Reconstruction to Integration. Britain and Europe since 1945*, (London: Leicester University Press, 1993), 152; Miriam Camps, *Britain and the European Community 1955—1963*, (London: Oxford University Press, 1964), 336; and Henry Kissinger, *Diplomacy*, (London: Simon & Schuster Ltd, 1994), 596.

6 Harold Macmillan, *Pointing the Way. 1959–1961*, (London: Macmillan, 1972), 312. (Italicisation added)

7 This study, as others, offers documentation on the considerable danger of a French veto. Cf. for example Kaiser, 'To join, or not to join', 152–153; Lie, 'A Gulliver among Lilliputians', 145–148.

the EEC. The British Ambassador in Paris, Sir Pierson Dixon, reported that the French president in a conversation in October 1960, told him he did not consider the UK as a potential EEC member.

Macmillan was scheduled to meet de Gaulle at the end of January 1961, Chancellor Adenauer four weeks later and his *first* meeting with Kennedy in early April. Macmillan's talks with de Gaulle in late January proved to be everything but encouraging. The General pointed out that Britain's island position and Commonwealth naturally made her look outwards across the oceans, and consequently the UK could not see the Common Market as France did.[8] De Gaulle gave the impression that Britain had to choose between, on the one hand, her special position *vis-à-vis* the USA and her commitment to the Commonwealth, and on the other, membership in the European common market.

Yet, from the outset it was clear that Macmillan had to look for means to persuade de Gaulle to accommodate his needs without committing himself in any way previous to the American consultations. Support from German Chancellor Adenauer seemed to be unlikely. And the outcome of the Macmillan–Adenauer talks at the end of February indicated that Macmillan's assumptions were correct. The West German view on this issue was similar to that of France. Adenauer's Secretary of State, von Brentano, said that the absence of the UK from the EEC was an 'undoubted shortcoming' – but added that the EEC had contributed to a remarkable transformation of Franco–German relations, and that 'nothing should be done which might weaken the links which now bound the two countries'.[9]

Thus, if de Gaulle's opposition to British membership in the Community had to be overcome, Macmillan had to look to the Americans. His ultimate hope was active support from Kennedy and his new administration.

As already indicated, Macmillan was in need of, indeed totally dependent on, help from the new American administration. He had to persuade Kennedy to put pressure particularly on France. The Prime Minister's attention was focused on two points: nuclear assistance to the French, and the implementation of tripartism; de Gaulle's proposals for consultation between the USA, Britain and France covering all main strategies and tactics relating to the anti-Communist struggle.[10] Both depended on American approval. Britain could not on her own, in accordance with the Ber-

8 28 Jan. 1961, PREM 11/3322, 7.
9 22 Feb. 1961, PREM 11/3345, 3.
10 29 Dec. 1960–3 Jan. 1961, PREM 11/3325, 18.

muda-agreement of 1957, give France nuclear information. But Macmillan thought that *if* he could offer such information to de Gaulle, it would considerably enhance Britain's chances for success in future negotiations. The crucial question was whether Macmillan could persuade Kennedy to support de Gaulle's nuclear ambitions.

During Macmillan's early April meeting with Kennedy in Washington it was made clear that the new president shared his ambitions and wished to see the UK as a member of the European Common Market as soon as possible. In this meeting Macmillan proposed that one possibility might be that the United Kingdom should offer to share its national nuclear capability with France. Another might be to let France develop theirs.[11] Kennedy's special adviser, former Secretary of State, Dean Acheson, answered that he thought it would be a mistake to help France develop nuclear weapons – which in the end could lead to West Germany acquiring nuclear weapons. And that was clearly not what the Americans wished to see.[12]

Macmillan left Washington without getting what he was after. The 'special relationship' was indeed confirmed, but the thesis that this relationship prompted Britain's first application is without tangible substance.

Macmillan obviously still needed assistance from the USA. This is evident from a letter he wrote to Kennedy in April 1961. In Annex three of his top secret and personal letter, Macmillan asked Kennedy if the USA 'might be willing to give France assistance in developing her nuclear capacity'. Furthermore, the UK would also favour 'discussions with France on the production of means of delivery of nuclear weapons' – which was the main obstacle to France's nuclear deterrent ambitions.[13] This is a clear indication of the importance he attributed to the issue at stake. In order to achieve membership in the Community he was willing to enable France to become a nuclear power alongside Britain, and insistently pressed Kennedy to make the necessary concessions. But Kennedy did not find British membership in the Common Market important enough to do so.[14]

11 5 Apr. 1961, PREM 133/244, 8.

12 5 Apr. 1961, PREM 133/244, (meeting at 3.15. p.m.), 1.

13 28 Apr. 1961, PREM 11/3328, (Annex III), 2.

14 The answer from President Kennedy on 22 May confirmed, as did his talks with de Gaulle on 31 May, that he did not find British membership in the Common Market important enough to override other considerations *vis-à-vis* de Gaulle's nuclear ambitions or to secure Britain's, and allegedly American, long-term interests. 22 May 1961, PREM 11/3319, 2; FRUS, '1961–1963, Volume XIII, West Europe and Canada', 23–25, 314.

The American policy on whether to concede nuclear information to France had been settled by the National Security Council, and then approved by the President on 21 Apr. 1961; FRUS, '1961–1963, Volume XIII, West Europe and Canada', 289 and 656.

Thus, the Kennedy administration was enthusiastic about British membership in the Common Market. But Washington was not willing to pay the required price for Britain's entry – i.e. to concede sensitive nuclear information to France to let her develop her own *force de frappe* and introduce tripartite consultations. In other words, the USA favoured British membership in the Community, but Kennedy was, for various reasons, not in the position to put the necessary pressure behind Britain's bid for membership. Independent French nuclear power – and eventually West German – was too high a price for Washington. Somewhere in the process the loss would be greater than the gain. It is therefore, in my opinion, clear that the British application should *not* be seen as a step taken by the British to comply with the new US government's wishes or to cultivate the 'special relationship'.

Finally, it seems likely that a breakdown of formal negotiations would display Britain's marginalized position in Western Europe, and therefore downgrade her usefulness as a partner to further American interests in Europe. This raises the question of why Kennedy refused to meet Macmillan's wishes, if British membership in the EEC was of such a great importance to the USA? It is unlikely that the Kennedy administration would 'push' Macmillan to apply if they were unwilling to provide the British with what was considered the *necessary* bargaining counters. In my opinion several authors have not paid sufficient attention to these circumstances.[15]

On the other hand, the British post-war economic performance, characterised by weak growth and a recurrent 'stop-go' cycle, did present a political problem at the beginning of the 1960s. It is possible to argue that the application was economically motivated as membership of the Common Market could be expected to accelerate British economic growth. In the light of depressing economic figures, it was natural to presume that membership would be of benefit to the British economy, and the Federation of British Industry (FBI) and other organisations pressed for British membership.[16] Yet my search through the archives indicates that political considerations were decisive. A strong economy was in this respect considered instrumental in the furthering of fundamental political aims.

The British decision seems first and foremost to have been prompted by the rise of French, and in a longer perspective, the emergence of FRG

15 Kaiser, 'To join, or not to join', 153.

16 23 June 1961, FO 371/158 274, Foreign Office Records, Public Record Office, London, and 28 June 1961, FO 371/158 274; 15 July 1961, FO 371/158 277, 4.

leadership in Western Europe. Macmillan pinpointed the crucial question in May 1961: '[w]hat would be the role of the United Kingdom as a *part* of Europe compared with our role if we remained outside?'[17] In January 1961, Deputy under-secretary of State, Evelyn Shuckburgh, had expressed a similar concern in the Foreign Office: The UK could support the political aspiration of the French as long as these lay within the framework of a common European experiment forming part of the Western Alliance. Britain could even sympathise with France's desire for leadership and equality of treatment within that framework, and with her feeling that Europe should carry greater weight in the Alliance relative to the USA. But when France tried to seek a special position for herself, and wished to be treated as the spokesman of Europe, Shuckburgh emphasised, 'we cannot support her'.[18] If the UK did so, Shuckburgh argued, she would offend the rest of Europe which would not admit such a role for France. He finally warned that once Britain started backing a particular nation for a leadership of that kind, she would wake up and find that West Germany was 'the chief claimant for the role we have created'.[19]

It was a widespread opinion that British membership would make her an equal partner with France and the FRG, and that Britain as a member might well come to exert a dominant role on the political and economic development of the Common Market.[20] And the assumptions were that the leading power within the EEC would certainly emerge as the leader of Western Europe. By membership, Macmillan could therefore safeguard Britain's political influence and international reputation. By membership Britain could also check the creation of a troublesome 'third force'.

In July 1960, when Macmillan had received recommendations from his colleagues and senior civil servants, which concluded: If the EEC was to be a success, the UK would have to join it. The report stated that if the venture of the Six was to fail, it would be a serious setback, not only for Western Europe but for NATO, the Western cause and the UK.[21] Consequently, Macmillan's motivation to get access to the Community hardly was to break it up, but on the contrary, to strengthen it *and* make it work in accordance with British interests.[22] One the one hand he sought to prevent

17 9 May 1961, CAB 134/1821, 1.
18 17 Jan. 1961, PREM 11/3325, 4.
19 *Ibid.*, 4.
20 17 May 1961, CAB 134/1821, 1.
21 28 June 1960, CAB 134/1853, 1–3.
22 See for example 18 Jan. 1961, CAB 133/24, 8; and (no exact date), FO 371/158 160, 2.

failure, and on the other he sought to discourage the creation of a powerful European 'third force' which pursued radically different policies from those of its allies – the USA and the UK.[23]

To sum up, this short presentation has challenged the views that the application was necessary to please the new US government, by arguing that the British application should be understood first and foremost as a response to Britain's waning influence in Western Europe. The prime reason why the government reached this decision was that the West European situation at that time created an opportunity for the development of French and subsequently West German leadership of the European continent. The British application was not issued in order to comply with the wishes of the new US government and thus cultivate a 'special relationship'. By joining, Britain wished to restore her position as the leading European power which seemed to be challenged by France and West Germany. However, the aim was not to be realised by breaking up the EEC, as co-operation between France and West Germany was of overriding importance to the security of Western Europe. Finally, adherence to the Treaties would eventually serve as a stimulus to what often is labelled as Britain's relative economic decline.

23 28 June 1960, CAB 134/1853, 2–3.

The Danish Government's decision to enter the EEC

LISE RYE SVARTVATN

Denmark became a member of the European Communities (EC) on January 1, 1973. The decision to join had been taken twelve years earlier, when the Danish government became aware of Britain's intentions to seek membership.[1] To understand the authorities' readiness to follow Great Britain into what in 1961 was called the European Economic Community (EEC) one has to look at the distribution of Danish exports and the importance of these exports for the Danish economy.

In 1957, Denmark was one of the world's largest net exporters of agricultural products.[2] 50.4% of the incomes from Danish exports came from export of agricultural products. These incomes thus constituted the country's largest source of foreign currency. Denmark's largest export articles were meat, dairy products and cattle, and the main markets for these exports were Great Britain and West Germany.[3]

Export of various important agricultural products in 1957[4] (1000 kr):

	Bacon	Cattle	Beef and veal	Butter	Cheese	Canned meat
Total export	1.155.203	298.186	386.873	685.263	255.435	380.251
West-Germany	0.27%	87.59%	4.11%	15.58%	47.20%	0.47%
Great Britain	91.61%	—	—	70.25%	20.08%	40.21%

1 Lise Rye: *Mellom Frontene. Dansk Europapolitikk 1957–1963*, Hovedoppgave i historie, NTNU, Trondheim 1996.
2 E.F. Nash og E.A. Attwood: *The Agricultural Policies of Britain and Denmark. A study in reciprocal trade*, London 1961: Introduction.
3 Danmarks Statistik: *Statistisk Årbog 1958*, København 1959.
4 Ibid.

In 1956/57 export of food and cattle from Denmark to Great Britain amounted to DK 1747 millions. In the same period export of these goods from Denmark to West Germany amounted to DK 963 millions.[5] Thus, Great Britain was by far still Denmark's most important market. However, since 1953 the value of export of agricultural products to Great Britain had dropped by 17%. In the same period a 12% increase in the value of export to West Germany had taken place.[6] Since 1929, employment and increment in the agricultural sector had been on the decrease. The authorities therefore regarded the industrial sector as the key to future economic growth. But, Danish industry had been enjoying a very protected existence, and a majority of the manufacturing industries was not ready to face competition on an open European market. In the first half of the 1950's, approximately 60% of industrial production was still protected by import restrictions.[7] Sheltered from outside competition, the sector was undergoing a process of modernization and development, paid for by the incomes from the agricultural sector. In the meantime, Danish welfare depended on the incomes that the agricultural sector provided.

In 1957 an imminent market split threatened these incomes. The six countries that in March that year had signed the Treaties of Rome had made it clear that they intended to create a common market for agricultural products. This meant that producers outside the common market would have to compete on unequal terms with member countries. The fact that West Germany was enthusiastically about to enter a common market that the British government had no intentions to join caused Danish authorities concern. If Denmark followed the German example, it would obtain guaranteed access to the German market, but it would also have to discriminate against Great Britain, something that undoubtedly would result in countermoves from Her Majesty's Government against Danish exports to Great Britain. If Denmark remained outside the common market it would keep its access to the British market, while its position on the German market would be in danger.

Hoping that it represented an opportunity to bring West Germany and Great Britain together in one economic association, the Danish govern-

5 Statistiske Efterretninger, nr. 73, 1958.

6 Vibeke Sørensen: "Between interdependence and integration: Denmark's shifting strategies", Milward, Lynch, Romero, Ranieri and Sørensen: *The Frontier of National Sovereignty. History and Theory 1945–1992*, London 1993: 107.

7 Johnny Laursen: "Mellem Fællesmarkedet og frihandelszonen", Birgit Nüchel Thomsen (ed.): *The Odd Man Out? Danmark og den Europæiske integration 1948–1992*, Odense 1993: 66.

ment, which was a coalition consisting of the Social Democratic Party, the Radical Liberals and the Justice Party, actively supported a British proposal for an industrial free trade area (FTA) for all member countries of the OEEC.[8] The proposal had been launched in July 1956, and negotiations began in October the year after.[9] Seen from a Danish point of view, it was a serious drawback that the original British proposal did not include trade in agricultural products. But, the government believed that Denmark, together with the EEC, would be able to persuade the British to include trade in these products in the FTA. Documents from the Danish Foreign Ministry's archive show, however, that Denmark would have been willing to join the FTA even if it did not come to embrace trade in agricultural products.[10] Not joining an industrial free trade area would deprive Danish industry of the possibilities of improved productivity that the trade liberalization was assumed to bring about, and threaten future Danish export interests on the OEEC market.

In spite of its support to the British proposal, in the first half of 1957 the government seriously considered joining the EEC. The reason for this was that the government feared the British proposal would not materialize.[11] In spring that year, Foreign Minister Jens Otto Krag met several times with the EEC's interim committee, exploring the possibility of Danish membership. The Social Democratic Party was sceptical towards the political cultures in Central and South European countries, but simultaneously aware that membership could be advantageous from an economic point of view.[12] However, according to Danish constitution, membership of the EEC required the approval of a 5/6 majority in Parliament, and when the autumn session opened, it became clear that it would not be possible to obtain this. The majority preferred the British proposal, preferably combined with membership of a Nordic common market. The Nordic countries had been exploring the possibility of a common market of their own since 1947, but so far the investigations had not led to any results. Like the British proposal, the Nordic plans did not include trade in agri-

8 The tripartite government came to power after the general election in May 1957. With 39.4% of the votes, the Social Democratic Party dominated the coalition. The Radical Liberals and the Justice Party were supported by 7.8% and 5.3% of the electorate, respectively.

9 PRO T 234/720. Thoughts in Retrospect on the Free Trade Area Negotiations: 1956–1959. By Mr. R.W.B. Clarke. 18.01.60

10 RK 02.73.B.66.c.3. De foreliggende markedsplaner og Danmarks stilling hertil. 04.11.57.

11 RK 02 73.B.66.c.1. Økonomi- og arbejdsminister Krags redegørelse for de i dagene 16. og 17. april 1957 stedfundne forhandlinger med de Seks i Bruxelles. 02.05.57.

12 Birgit Nüchel Thomsen: "Danmarks vej til Europa 1957–1961", Birgit Nüchel Thomsen (ed.): *The Odd Man Out? Danmark og den Europæiske integration 1948–1992*, Odense 1993.

cultural products, nor any renouncement of national sovereignty to a supra-national authority.[13] Membership of a Nordic common market was in itself an insufficient solution, since only eight percent of total Danish exports went to other Nordic countries. It was thus never considered as a solitary solution.[14] It did, however, offer considerable advantages both economically and politically, since it would give Danish industry a larger market along with protection from Germany, and simultaneously make it possible to maintain the close political and cultural relations between Denmark and its Nordic neighbours.

In November 1958 it became obvious that France was not in favour of a FTA, and the negotiations closed without having led to any positive results. Immediately after, Britain presented a new proposal for a smaller industrial free trade area, later to be known as EFTA. This proposal received support from Sweden and Norway. Consequently, the plans for a Nordic common market were put on ice. Danish authorities were initially very sceptical towards EFTA, believing that the setting up of what could easily be perceived as a rival organization would only deepen the split between countries inside and outside the EEC.[15]

Facing the threat of discrimination from two sides and in lack of necessary support to join the EEC, the government came out in favour of EFTA membership. There were three important reasons for this. Firstly, following Great Britain's strong interest in the setting up of EFTA, Denmark obtained a favourable agreement over trade in agricultural products with Great Britain. Secondly, it received reassurances from the West German government that the decision would not result in repercussions from West Germany.[16] Thirdly, it was made clear in the Stockholm-convention that EFTA was not a goal in itself but a means through which a more comprehensive solution ought to be reached.[17] Joining EFTA was never regarded as anything but a temporary solution. It was, at the time being, Denmarks only solution, but as it turned out, a quite good one. On January 4, 1960, Denmark signed the Stockholm-convention on the setting up of the European Free Trade Area.

13 Ingrid Sogner: *Norges holdninger til nordisk økonomisk samarbeid 1947–1959*, Thesis submitted for the cand. philol. degree, University of Oslo, 1992.
14 RK 02.73.B.66.c.3. De foreliggende markedsplaner og Danmarks stilling hertil. 04.11.57.
15 RK 02 73.B.66.f.18. Referat av møte i Oslo mellom representanter for Storbritannia, de skandinaviske land, Sveits, Pportugal og Østerrike. 21.02.59.
16 RK 02 73.B.66.f.9.a.2. Referat af møde i Det udenrigspolitiske nævn. 01.07.59.
17 Folketingets årbog. 14.07.59.

Membership of the EEC together with Great Britain was the Danish government's desired means to bring the West German and the British market together in one economic association. In a secret memorandum to its British counterpart from February 15, 1961, the government declared that it had "*no dogmatic views concerning ways and means of achieving this objective, or the degree of cooperation in other fields of economic policy upon which an ultimate settlement may depend*".[18] I have not been able to find out when the Danish government learned about Britain's intentions to approach the EEC. When Foreign Minister Krag informed the Parliament about the present situation on March 23, 1961, he would not confirm that this was the case.[19] It was, however, evident from his account that the government would welcome a British enquiry about membership. The account also gave the clear impression that it was out of consideration for Denmark's export of agricultural products that the government would like to see this happen. Krag made use of a meeting of NATO's council of ministers on the 8th and 9th of May to announce that if Great Britain was ready to go into negotiations with the EEC for membership, Denmark was ready too.[20] At the same meeting, Lord Home indicated that this was what Great Britain would do, by saying that his government wanted to bring the economic division of West Europe to an end, and that it was ready to face the political consequences such a step would have. On July 31, the two countries published their intentions to address the EEC for negotiations leading to membership.[21]

Records from the Danish Foreign Ministry form a picture of a political elite that had no objections against entering an organization that aimed at supra-national cooperation as long as this would bring along a solution to Denmark's economic problems.[22] EEC membership was required for its capacity to realize Danish economic aims. Danish authorities wanted access to the EEC market and a say on the shaping of the common agricultural policy that was about to be established. Great Britain's decision to apply for membership appeared as the key to these goals. Many of those who had been opposed to Danish membership of the EEC had been so because

18 RK 02 108.L.1.6. Memorandum. 15.02.61.
19 RK 02 120.D.66.a.7. Udenrigsminister J.O. Krags redegørelse for Folketinget den 23. marts 1961, kl. 10.00.
20 RK 02 108.1.1.7. Referat af møde i Udenrigsministeriet fredag den 19. maj 1961.
21 RK 02 108.B.2.Dan.2. Den af regeringen den 31. juli 1961 offentliggjorte erklæring.
22 RK 02 108.B.2.Dan.4. Danmark og Fællesmarkedet. September 1961, RK 02 108.B.2.Dan.4. Konsekvenserne af, at Danmark ikke tilslutter sig Det europæiske økonomiske Fællesskab. 04.09.61, RK 02 5.B.1. Danmark og Fællesmarkedet: Politiske betragtninger. 12.09.61.

they were afraid that this would weaken existing ties between Denmark and Great Britain, and Denmark and the other Nordic countries. The government knew well that support for the policy of membership was conditional on British entry, and stated explicitly that Denmark would not enter the EEC on its own. Expressions of a desire to participate in the building up of supra-national political cooperation are hard to find, but did appear more frequently in the latter stage of the negotiations.[23] This might be explained by the fact that those within the EEC that were in favour of close cooperation on political level were annoyed by Denmark's narrow focus on trade conditions.[24] It is therefore very likely that the reassurances about Denmark's interest in political cooperation that appeared in late 1962 came in an attempt to enhance the country's position in the ongoing negotiations.

The lack of concern in government circles about the political implications of membership mirrored the farmers' attitude, but contrasted with prevailing attitudes in several other professional bodies and interest groups. The trade unions worried about the regulations in the Treaties of Rome concerning free movement of labour and social harmonization.[25] The Labour movement and the smallholders assumed that membership would imply drastic changes in Danish foreign policy, and feared that membership would endanger Denmark's Scandinavian based political culture. Close links existed between on the one hand the Social Democratic Party and the Labour movement, and on the other between the Radical Liberal Party and the smallholders. This is probably why the authorities, as a means to avoid increased resistance within the governing parties, failed to focus on the political implications of Danish membership of the EEC. After the November 1960 election, the government controlled 88 seats in Parliament, while a majority required 89 votes. A majority was therefore conditional on non-interference either from the representative for the German minority, or from the two representatives from Greenland in questions that did not regard their country. Thus, the government could not risk the cleavage in their own parties that a discussion over the political implications of membership might provoke. But, the Labour move-

23 RK 02 108.L.1.a.17. Referat af det sjette ministermøde mellem Danmark og medlemslandene i Det europæiske økonomiske Fællesskab den 12. november 1962.

24 Gunnar P. Nielsson: *Denmark and European Integration: A Small Country at the Crossroads*, Unpublished Ph.D, UCLA 1966.

25 Toivo Miljan: *The Reluctant Europeans. The Attitudes of the Nordic Countries towards European Integration*, London 1977: 186.

ment's attitude did also find expression within the Social Democratic Party, where the government's policy now, for the first time, faced criticism.[26] At the party's convention in June 1961, the chairman of Smede- og Maskinarbejderforbundet, Hans Rasmussen, accused the government of having taken a hasty decision. The agricultural interests had to a too large degree been brought into focus, and the government had not considered and discussed what other consequences joining the EEC would have. Rasmussen's speech was met with approval and he was at the same meeting elected vice-president of the party.

Denmark's attempt to enter the EEC together with Great Britain ended unsuccessfully in January 1963, when France made it clear that it could not accept British membership. A few days after having turned down the British application, on January 26 1963, General de Gaulle told Krag that he would not oppose Danish membership.[27] Krag was personally in favour of Danish membership of the EEC, and his first reactions to this offer were very positive.[28] However, after having met with Macmillan in London shortly after, Krag "*emphasized strongly that there was no change in Denmark's attitude. Her goal was still to be a member of the Common Market with the United Kingdom and in connexion with other EFTA members. There was no question that Denmark should try to join in isolation. This possibility did not exist.*"[29]

De Gaulle's offer created a new situation, but did not lead to renewed discussion about the Danish position in Parliament. Denmark remained in EFTA. Taking Denmark's long-term economic strategy into account, this was probably the country's best alternative. Within EFTA, Denmark would still be able to base the development of its industrial sector on cheap import of raw materials, and thereby prevent the rise in prices that would have followed the introduction of the EEC import-duties. From a political point of view, an alternative that included both Britain and other Nordic countries had always been the favoured solution.

Several conclusions can be drawn from Denmark's first attempt to enter the EEC. Firstly, it was the country's particular economic situation, characterized by a large export-oriented agricultural sector and this export's dependence on two markets, that first made Danish authorities con-

26 Nüchel Thomsen 1993: 130.
27 RK 02 108.B.2.Dan.13. Jens Otto Krags redegørelse for Folketinget 08.02.63.
28 PRO FO 371/171652. J.P.E.C. Henniker-Major to Earl of Home. 17.07.63.
29 PRO PREM 11/4164. Record of a conversation between the Prime Minister and Mr. J.O. Krag at Admiralty House at 9.30 a.m. on January 31, 1963.

sider joining the EEC. In these circles, economic considerations prevailed throughout the period. Secondly, while the authorities showed no concern for the political implications of joining the EEC, the general public feared that membership would change Danish political culture more on the line of policies lead by continental European countries. Thus, it was not General de Gaulle, but the lack of will to part with countries that Denmark felt closely related to, that kept the country out of the EEC until 1973.

Advancing ambiguity: On Norway's application for EEC-membership in 1962

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Focusing on government perceptions of national interests an overriding perspective for this seminar is announced in the letter of invitation: Why have West European nation-states in principle accepted a partial surrender of sovereignty to a supranational organisation and thus, legally, committed themselves to future policy harmonisation? The question is implicitly influenced by Alan Milward's vigorous attack on teleological explanations of European political integration. The West European states, he argues, have not been functional prisoners of interdependence, but "have actively sought to limit its consequences. Their will and capacity to do so grew after 1945."[1] Decisions whether to integrate or not were a result of political choice, and generally reflected the nature of national policies: "... the choice between interdependence and integration as international frameworks for advancing national policy choices depended on the nature of national policies."[2] As to prediction therefore he argues that "the only predictive value of a theory derived from historical research would be that once national policies were specified, their international consequences for the nation-state could be specified."[3] Detailed historical research has led him to conclude that West-European integration in the 1950s was "... the creation of the European nation-states themselves for their own purposes,

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1 Alan S. Milward: *The European Rescue of the Nation-State*, London 1992 p. 10.

2 Alan S. Milward and Vibeke Sørensen: Interdependence or integration? A national choice, in Milward et al.: *The Frontier of National Sovereignty. History and theory 1945–1992*, London–New York 1993 p.12.

3 Ibid.

an act of national will."[4] Milward regards governments as agents of the national will as "... in all the member-states of the successive European Communities government has been in its essentials government by consent" and "... democracy in which political parties have been the main conduits between public opinion and government policy has been the rule."[5] The empirical basis for Milward's encompassing theory is basically collected among nation-states which decided to integrate. As for Norway the overriding perspective of this seminar may appear irrelevant as she never took up membership in a supranational organisation. Still, by means of Milward's conceptual framework, I shall concentrate on Norwegian policy from around 1959, when EFTA was negotiated, until de Gaulle vetoed a British entry into the EEC in January 1963.

I suggest that EFTA was the ideal solution for Norway as this was an international framework in which ambiguities and contradictions in national policies could be maintained. These ambiguities basically reflected socio-political cleavages within Norwegian society. Because traditional ambiguities could be maintained within the framework of EFTA, the Government was able to establish national consent. Treaty conditions did not shove the domestic socio-political balance. There was only marginal domestic opposition when the EFTA treaty was negotiated and ratified, and the corporatist arrangements were strong enough to internalise oppositional voice. On 10 August 1961, however, Britain and Denmark applied for membership negotiations with EEC. This put Norway in an awkward dilemma as the treaties of Rome would imply a far more profound encroachment upon the socio-political balance than the Stockholm convention. Should Norway join the EEC along with Britain and Denmark, and thus allow for future surrender of sovereignty and policy harmonisation, and on which conditions? The situation lasted until de Gaulle vetoed British entry in January 1963 and thus removed the question of Norwegian EEC-membership from the political agenda. I suggest that this interregnum is characterised by policy confusion. A new national policy choice was never taken, nor was a national will surmounting the EFTA-solution established. The decision to approach EEC was actually taken by Foreign Minister Halvard Lange on an EFTA Ministerial meeting in London 27–28 June 1961 in order to maintain EFTA as a bargaining coalition. It was not taken by any well considered government and parliamentary vote.

4 Alan S. Milward: *The European Rescue of the Nation-State*, London 1992 p.18.
5 Alan S. Milward: "Allegiance—The Past and the Future", *Journal of European Integration History* vol. 1, No.1, 1995 p.14.

Having decided to approach EEC in June 1961 the domestic discussion about the basis of negotiation with the EEC lasted for about ten months. On 28 April 1962, more than five months after the neutral EFTA-countries had applied for association, the Parliament decided to apply for negotiations. Formally Norway applied for full membership under § 237 as opposed to association under § 238. In that sense I accept there was a symbolic bias in government policy towards full membership. The decision can, however, not be interpreted as a policy choice for membership, but simply as a choice to include membership as an option.

The short application of 2 May 1962 signalled nothing more than a will to take up negotiations in order to clarify conditions for possible membership. It neither excluded association nor any other relation with the EEC. Perceptions of national interests certainly had evolved within the Norwegian polity in this period. Access to EEC would surely provide generalised economic and political benefits. This was, on the other hand, balanced by considerable domestic restructuring costs. Hence, the idea that Norway as a member would have to be redeemed exceptions from treaty obligations was strong within Government, Parliament as well as corporate interest organisations. This attitude was clearly disclosed by the Norwegian position paper presented for the Council of Ministers on 4 July 1962. No conclusions had been drawn and, consequently, perceptions of national interests had not been converted into clear policy. Moreover, the Government did not develop any consistent bargaining policy. No policy choice was ever taken before de Gaulle restored the ideal solution in January 1963. If there was a policy, it was to keep options open as long as possible. Consequently, in terms of seeking framework for the advancement of national policy this period of one and a half years must be regarded an interregnum of almost paralysing national policy confusion.

What explains this? The policy confusion reflected basically that EEC-membership, as opposed to EFTA-membership, would challenge existing ambiguity in national policies and therefore the existing socio-political balance in Norwegian society. The Government was aware of this from the very beginning. As the idea prevailed during the summer of 1961 that the issue should be subjected to an advisory referendum, the Government had to give domestic political considerations extra weight. Delaying the decision to apply was a deliberate choice by the Prime Minister in order to avoid domestic opposition. In terms of parliamentary support this was met with success. However, the public debate had increasingly focused on do-

mestic costs by joining EEC, and from spring 1962 the critics became more articulate and started organising themselves. This, of course, made the Government more reluctant to formulate clear policy. Surely, the lucid and unsettled international situation also compromised the capacity of the Government to establish a well-defined policy. Firstly, the joint position of the Six could not be fully anticipated as there were considerable disagreements among them. Secondly, vague perceptions existed that the British negotiations would establish some sort of principle pattern for the others. Thirdly, Norway queued up in Brussels after Britain and Denmark and was therefore never forced to take a final stand.

Referring to Milward's conceptual framework, however, I emphasise the domestic constraints.

As my interpretation fit well to more shallow long term observations of Norway's relation to the core institutions of European integration, I shall shortly elaborate on these before providing the more detailed evidence of the interregnum.

I. Norway's relation to the core institutions of European integration

Four times Norwegian governments have considered to bring Norway into the EEC/EC/EU and subsequently applied for membership negotiations—in 1962–63, 1967, 1970–72 and 1992–94. However, on neither of these four occasions were the applications an implementation of a consistent and well considered policy developed within the framework of domestic policy and politics. As international relations beyond the influence of Norwegian policies confronted Norway with radical new situations the membership issue was each time pulled on the domestic political agenda. On the three first occasions Norway followed Britain and in 1992 she followed Sweden. On all four occasions the new situation confronted governments with awkward policy dilemmas, which grew out of contradictions and ambiguities in national policies.

The rather ambiguous nature of national policies aimed simultaneously at international interdependence and national control. This is a well established interpretation in terms of foreign and security policies,[6] but does also fit to commercial and economic policies. Already from the late 1940s

6 Cfr. Geir Lundestad: "Nasjonalisme og internasjonalisme i norsk utenrikspolitikk: Et faglig-provoserende essay", *Internasjonal Politikk*, temahefte 1, 1985; Rolf Tamnes: Integration and Screening. The two faces of Norwegian alliance policy, 1945–1986, *Forsvarsstudier* nr.6, 1987.

exports contributed a lot to the national income, and policies always aimed at exploiting economies of scale, comparative advantages, division of labour and market extension. Incomes from exports have always been vital in financing ambitious modernisation plans, and attracting foreign investment capital for industrial modernisation was always regarded a crucial part of the policy-mix. The logical advancement of these policies was to participate in transnational commercial and market arrangements. This makes the general sensitivity towards changes in the international political environment, and eventually inclination to negotiate on conditions for membership in the EEC/EC/EU, understandable. Nonetheless, parallel to this outward orientation policies have also aimed at maintaining national control over domestic production and avoid foreign competition in specific sectors, in particular the primary and service sector, which both contributed far more to employment than those sectors exposed to international competition. The logical advancement of these policies was to remain outside transnational market arrangements in order to shelter the sectors from uncontrolled foreign challenges and domestic restructuring costs. Consequently, the benefits of foreign market access always had to be carefully balanced against the costs of opening up domestic markets. The best solution would be arrangements like the EFTA-solution, which would extend markets for manufactured goods almost without touching upon agriculture and services.

The contradictions and ambiguities in national policies reflected profound socio-political cleavages in Norwegian society, often referred to as a cleavage between the political and cultural centres, which tend to accept modernisation, and the political and cultural periphery, where traditionalism is more strongly rooted. Opinion polls and research on electoral behaviour confirm a profound and remarkably stable socio-political cleavage which have become transparently dividing, in particular when the issue of whether to integrate or deepen international interdependence has been part of the political agenda.[7] Since the mid 1930s social democratic govern-

7 Cfr. Johan Galtung: "Foreign Policy Opinion as a Function of Social Position", *Journal of Peace Research* Vol.1, 1964; Ottar Hellevik et al: "The Common Market in Norway: A Conflict between Center and Periphery", *Journal of Peace Research* Vol.12, 1975; Henry Valen: "National Conflict Structure and Foreign Politics: The Impact of the EC Issue on Percieved Cleavages in Norwegian Politics, *European Journal of Political Research* No.4, 1976; Beate Husebye and Ola Listhaug: "Identifications of Norwegians with Europe: The Impact of Values and Centre-Periphery Factors", in Rued de Moor (ed.): *Values in Western Societies*, Tilburg 1995; Anders Todal Jensen et al: "Betydningen av gamle og nye skillelinjer", in Anders Todal Jenssen and Henry Valen (eds.): *Brüssel midt imot. Folkeavstemningen om EU*, Oslo 1995. The classical comprehensive analysis of the cleavages is Stein Rokkan: "Geography, Religion and Social Class: Crosscutting Cleavages in Norwegian Politics", in Seymour M. Lipset and Stein Rokkan: *Party Systems and Voter Alignments. Cross-national Perspectives*, New York 1967.

ance, whether in the labour or centre-right fashion, has rested upon a will to integrate the non-urban areas into the national policy horizon by means of ambitious regional policies, including protection of the primary sector. Gradually, and particularly from the 1970s, the creation of welfare state arrangements became part of these policies. The impact of this policy-mix has been a decentralised pattern of settlement. This policy horizon has been a precondition for electoral support, and thus political power. Interest organisations, whether in the primary sector or in public services, have been well organised and pursued political rent-seeking. They have generally opposed liberalisation of the fishery and agricultural regime as well as the restrictive concession regulations which allowed for extensive political control of investments. They have also opposed relaxation of regional policies. Consequently, whenever the question of Norwegian participation in wider market arrangements which would challenge the traditional policy-mix has been raised, such participation has been regarded a threat. This was the situation during the discussions on whether to take part in the Marshall-plan, whether to establish a Nordic customs union in the 1950s as well as during all discussions concerning membership in EEC/EC/EU. Thus, surmounting dilemmas caused by these national policies, for instance a decision to integrate, would imply considerable political costs.

The socio-political cleavages have run right through most political parties. This has been revealed by some thorough quantitative content-analyses of parliamentary debates.[8] It is also displayed indirectly by party programs, which have generally been rather vague about Norway's relation with EEC/EC/EU. Among party programs before the parliamentary election in 1961, only the communists, the radical socialists and the conservatives had taken a stand on Norway's relation to EEC.[9] Little attention was paid to the issue during the election campaign although it was held after the British and the Danes had applied for membership. The exceptions of course are the campaigns preceding the referenda in 1972 and 1994, when parties were forced to take a stand. In 1972 one party (*Venstre*) split on the issue[10], and the Labour Party was seriously wounded because it had taken a clear choice in favour of Norwegian membership. The cleavage has run right through the centre-right coalition governments, which on both occa-

8 See contributions in Nils Ørvik (ed.): *Fears and expectations. Norwegian attitudes toward European integration*, Oslo 1972.

9 Theo Koritzinsky: *Velgere, partier og utenrikspolitikk. Analyse av norske holdninger 1945–1970*, Oslo 1970 p.131.

10 Erik Holst-Jæger: Venstre og EF-striden 1963–1972, unpublished cand.philol.thesis, Oslo 1997.

sions disintegrated on the matter. As to the last coalition it broke up on the EEA issue in 1990. When it comes to the application in 1967 we can even conclude that it had nothing to do at all with the EEC. It is a well established interpretation that the 1967 application, aiming at negotiations in order to clarify conditions for accession and handed in by a centre-right coalition government confused by the ambiguity, primarily was intended to maintain the coalition and reflected no policy choice at all. The Government anticipated the French veto against British entry, and consequently feared no practical impact at all. Had there been a British and Danish entry, the Government would have disintegrated, as it actually did on the matter in 1971.

In 1972 and 1994 the governments surmounted the ambiguity in national policies and clearly recommended membership after negotiations concerning access conditions had been concluded. Thus, on these occasions the governments certainly also developed a well considered perception of national interests, from which a national policy choice was to be taken. However, on neither of these two occasions were the government's perceptions and recommendations sufficiently accepted by the electorate in referendums. 53,3% of the electorate voted against membership in 1972 and 52,2% in 1994. Accordingly, the governments had in fact a national policy, but not the capacity to establish a national will which accepted that policy choice.

On the two first occasions, in 1962 and 1967, negotiations with the Community were never initiated and perceptions among the electorate were never really tested. On both occasions, however, there is reason to assume, counterfactually, quite some reluctance and organised resistance even if Britain and Denmark had become members. Opinion polls do certainly not give clear direction for interpretation. Still, as there on both occasions would have been advisory referenda and thus popular mass mobilisation, no-vote majorities on both occasions are not only imaginable, but quite likely. Moreover, on both occasions there would have been problems in attaining the sufficient 3/4 majority in parliament, which was required to transfer sovereignty according to § 93 in the Constitution. 38 votes would be enough to block membership. In 1962 a minority of 35 members voted against amending the Constitution with article 93, and 37 members voted against the application. In 1967 only 13 voted against application. This vote is, nevertheless, of no significance as Parliament anticipated the French veto. A far bigger number of MPs had during the debate expressed

doubts and reservations. Based on these premises I do not hesitate to suggest that on neither of the two first occasions did the applications reflect a national concord or will to integrate.

Hence, as all attempts to induce a sufficient majority of Norwegian citizens to submit their loyalties to organisations being or aiming at a supranational character failed, the really interesting question, viewed from a Norwegian perspective, is not how national interests have been perceived by governments, but why government perceptions never have been sufficiently accepted by the public. Any answer must take into account the socio-political cleavage sketchily outlined above. Nevertheless, any account of Norway's relation to the core institutions of West European integration should start with identifying government perceptions of national interests. Aware of the basic reference point—ambiguity in national policies as a result of and maintaining profound socio-political cleavages—one must hypothesise, firstly, that perceptions of national interests would be ambiguous and, secondly, that converting perceptions of national interests into a consistent policy choice would necessarily take place under serious domestic constraints. When adding to this domestic situation the difficulties of formulating policy in a lucid and unsettled international situation as in 1962, it is no surprise that policy confusion and blurred objectives were the outcome.

II. The EFTA-solution in 1960: Ambiguity maintained

Throughout the 1950s the Norwegian government had generally supported intergovernmental trade schemes which promoted Norwegian exports and net capital imports and still allowed for protection of domestic sectors, such as the Trade Liberalisation Program and the European Payments Union within OEEC. But within these schemes government attitudes were unstable. The Government adjusted to the imperatives of the schemes rather ambiguously.[11] However, as to participation in formalised market formations, such as customs unions or common markets, Norway

11 Helle Pay Eriksen: I baktroppen. Den norske frilistingen innenfor OEEC 1949–1952, unpublished cand.philol. thesis, Trondheim 1996; Elisabeth Lie: Pride and Prejudice. Norway and the European Payments Union 1950–1955, unpublished cand.philol. thesis, Oslo 1997; Hans Otto Frøland: Norway in OEEC 1948–1961. Challenges and adjustments. Unpublished manuscript.

always took a negative stand in the last resort.[12] Still, the ambiguity in national policy encouraged the Government to maintain a Nordic market formation as an option throughout the 1950s. Parliament and corporate interest organisations were, however, far more sceptical than the Government and restrained any government inclination to opt for a Nordic market formation. Until the late 1950s, therefore, the international commercial framework in which Norway participated, was compatible with ambiguities in national policies and the socio-political cleavages.

For economic as well as foreign policy reasons, the Government had feared the impact of a market schism in Western Europe. Tension between trading blocks would jeopardise the highly important export income, cause political tension and weaken cohesion within NATO. Consequently, after the Six had signed the treaties of Rome the Government supported the British endeavour for an OEEC wide industrial free trade area (FTA), which would also comprise the EEC, and which ran parallel with the ever lasting discussions concerning a Nordic market formation.[13] Parties, Parliament as well as organised interests were on the other hand, initially far more sceptical, and the government negotiators were submitted a restricted mandate when negotiating within the OEEC Working Party 17. Certainly, no change in the character of the national will had taken place before that. This seems, though, to have happened during the negotiations on the Free Trade Area as the Labour government, Parliament as well as organised interests became more sympathetic towards participation in the FTA.[14] Crucial mediators of this new sympathy were former and current cabinet members such as Arne Skaug, Erik Brofoss and Halvard Lange.[15] The sympathy rested basically upon perceptions of national interests. Firstly, there were the obvious foreign policy arguments in case the British and the Nordic countries also became members. Secondly, there would be obvious economic benefits in terms of increasing market access for manu-

12 Ingeborg Lie: Forhandlingene om nordisk tollunion/nordisk fellesmarked 1954–1956, unpublished cand.philol. thesis, Oslo 1973; Ingrid Sogner: Norges holdning til nordisk økonomisk samarbeid 1947–1959, unpublished cand.philol. thesis, Oslo 1992.

13 National Archive (Riksarkivet, Oslo): Cabinet minutes 07.02.1957; Foreign Office Archive (Utenriksdepartementet, Oslo): UD 44.25/56: "Det europeiske frihandelsområdet", 07.02.1957; UD 44.25/56: "Arne Skaugs redegjørelse for Den utvidede utenrikskomité, Finanskomiteen og industrikomiteen om det europeiske frihandelsområdet", 06.02.57.

14 Parliamentary Report (stortingsmelding).nr.45, 1957 Om planene for et europeisk frihandelsområde) p. 24 ff.; Svein Olav Hansen: Det norske EFTA-sporet i 1950-åra. En studie av Norges Europa-politikk, med særlig vekt på perioden 1956–1960, unpublished cand.philol. thesis, Oslo 1990.

15 Hans Otto Frøland: Det Norske Arbeiderparti og Vest-Europa 1945–1995: Om effekter av internasjonalt samarbeid på utsyn. Arena Working Paper no.4, 1997.

factured goods, including processed fish, and increasing options for import of investment capital. As participation would, after all, also include considerable domestic costs, the Government tended to accept these in order to reach a compromise[16]—also in terms of changing the domestic agricultural regime.[17] Actually, and surprisingly, the Government was somewhat embarrassed by British unwillingness to include foodstuffs in the FTA, as this would jeopardise prospects for Norwegian fish exports.[18]

The remarkable change in Norwegian perceptions did, nonetheless, never develop into a consistent and well considered policy choice as France in November 1958 vetoed the project. Thus, we can never know how far the Government would have moved in terms of accepting perceived costs and, moreover, whether it would have had the capacity to establish national consent on the issue. Opinion polls do not give any suggestions.

Difficult negotiations in 1959 preceded the creation of EFTA in 1960.[19] The Norwegian bargaining policies were once again influenced by the ambiguity in national policies. Again the benefit of market access would have to be balanced against the opening up of domestic markets. Nevertheless, when the British FTA endeavour failed, the establishment of EFTA was in several respects regarded a better solution than a Nordic customs union.[20] Several factors explain this. Firstly, there had been profound domestic opposition against a Nordic customs union. Due to Danish agricultural strength and Swedish industrial strength this would have caused considerable restructuring costs in the sheltered sectors of the economy. Interest organisations representing industry as well as agriculture had therefore opposed the plans, so had most political parties. Secondly, EFTA had brought the discussion on a Scandinavian customs union, which had more or less dragged on since 1947, out of the dead-lock, and thus accommodated Norwegian concerns for a joint Nordic solution. Despite the opposition against a customs union the sentimental affinity towards "Norden" was strong. Thirdly, EFTA would take the bulk of Norwegian exports and

16 Cabinet minutes 11.10.1957.

17 Erik Riste: Reformasjon gjennom integrasjon—fra fascinasjon til aversjon. Norske landsbrukspolitiske posisjoner ved forhandlingene om Stor-EFTA og den første søknaden om medlemskap i EEC (1956–1963). unpublished cand.philol. thesis, Oslo 1997 p. 31 ff.

18 Parliamentary Report nr.45, 1957 p. 11.

19 Mikael af Malmborg and Johnny Laursen: The Creation of EFTA, in Thorsten B. Olesen (ed.): *Interdependence Versus Integration. Denmark, Scandinavia and Western Europe 1945–1960*, Odense 1995; Tormod Utne: Brobygging dømt til å feile. EFTA i britisk Europa-politikk 1958–1961, unpublished cand.philol. thesis, Trondheim 1996.

20 Foreign Office: UD 44.33.1, Bd.18: "Handelsminister Skaugs redegjørelse i den utvidede utenrikskomite", 09.12.1958; Cabinet minutes 23.4.59; Cabinet minutes 03.02.1959.

would under any circumstance allow for increasing trade in manufactures within a framework of intergovernmental co-operation. This benefit could be obtained without having to pay profound domestic restructuring costs as there would be only small impacts on the primary sector. By means of bilateral negotiations with Britain a satisfactory solution concerning market access for fish was found without having to change the domestic fishery regulations.[21] Agriculture remained untouched by the treaty despite Danish efforts to include it. In terms of domestic costs the EFTA solution had less implications than the FTA solution probably would have had. Fourthly, EFTA would give the seven member countries increasing bargaining strength towards the six EEC countries. This was important as the anxieties concerning a West European split still existed.

The EFTA convention was compatible with the socio-political cleavages and the ambiguity in national policies. The most controversial problems had been omitted or left open to future treatment. Hence, the Government had no problems establishing a national will behind that choice. Parliament had encouraged the Government to negotiate the treaty[22] and only one MP voted against ratification.[23] Reluctance within industry was kept within the organisations, so on the whole no serious opposition was articulated among organised interests.[24] Thus, on this occasion the institutionalised corporatism proved instrumental in establishing national consent. Moreover, there is no reason to assume any opposition from 'the silent majority' of public opinion. An opinion poll from October 1959 displayed that 28% considered membership advantageous for Norway, while only 10% considered it a disadvantage. 62% however had no opinion at all.[25] This general absence of interest is clearly revealed by another poll, in which 2000 people were asked to name which countries belonged to the Six and which to the Seven. Only 4% got it right.[26] The only interpretation possible on the basis of the opinion polls is that the EFTA membership was not regarded any threat. The EFTA framework was compatible with the ambiguity in national policies and therefore a national will could easily be established.

21 Utne 1996 p. 72 ff.
22 Cabinet minutes 29.05.1959.
23 Parliamentary proceedings (Innst. S. nr. 157, 1959–60; St.tidende 7b, 1959–60 s. 2400 ff.).
24 Thomas Evensen: Under tvil sier vi ja. Norges Industriforbund og spørsmålet om Stor-EFTA og EFTA 1956–1960, unpublished cand.philol. thesis 1996 p. 174 ff.
25 Bjørn Alstad (ed.): *Norge, nordmenn og verden. Norske meninger 1*, Oslo 1969 p.165.
26 Ibid. p. 164.

However consistent, the perception of a good solution rested on the wishful premises that EFTA, with American support and possibly also the support of Benelux and West-Germany, would succeed in reaching a trading agreement with the EEC within the framework of a reorganised OEEC, what in 1961 was to become OECD.[27] This is one reason why Norway had become such a committed defender of the OEEC Code of Liberalisation and the European Monetary Agreement. In January 1960 the Cabinet believed that the 'Dillon-conference' in Paris would lead to a multilateral arrangement between EEC and EFTA.[28] Norwegian optimism is indicated by the fact that the Foreign Affairs Committee in Parliament in May 1960 asked the Government to start preparing a constitutional amendment which would allow for a limited transfer of sovereignty to some future OECD institution.[29] Parliament enacted § 93 on 8 March 1962. Debate on a constitutional amendment had, however, dragged on since 1951.[30]

Very soon the premises for Norwegian policy crumbled. The EEC displayed reluctance to reach a trade solution with EFTA and accelerated the process towards a common external tariff. The Fouchet plan manifested willingness to establish a political centre among the Six which could dilute NATO cohesion. The Americans demonstrated reluctance towards EFTA and did not go for the kind of OECD that Norway wanted. Contrary to Norwegian policy the Americans wanted to strengthen the IMF and GATT at the expense of OECD. The British evinced inclination to go for EEC membership and the Government was convinced that the Danes would follow suit. By April 1961 officials in the Foreign Office strongly believed that Britain now was drifting towards membership in EEC.[31] The idea that Britain and possibly Denmark would find solutions for themselves at the expense of EFTA solidarity certainly frightened the Government. Before the EFTA Council meetings in London on 27–28 June therefore, it developed a diplomatic strategy to maintain a joint EFTA approach

27 Cabinet minutes 12.12. 1959; parliamentary proceedings (Stortingstidende 7b 1959–60) p.2414 ff; Anniken Huitfeldt: Fra OEEC til OECD. Norges holdninger til reorganiseringen i 1960, unpublished cand.philol. thesis, Oslo 1996.

28 Cabinet minutes 05.01.1960, 14.01.1960, 19.01.1960.

29 Trygve Ramberg: Sovereignty and Co-operation, in Nils Ørvik (ed.): *Fears and expectations. Norwegian attitudes towards European integration*, Oslo 1972 p.57f; Foreign Office: UD 25.2.101 Bd.4: "Redegjørelse i forbindelse med Utenrikskomiteens behandling den 28. september 1960 av stortingsmann Finn Moes forslag til ny § 93 i Grunnloven", 28.09.1960.

30 Cfr. Parliamentary Report nr. 89, 1951: Om Grunnloven og Norges deltakelse i internasjonale organisasjoner.

31 Foreign Office: UD 44.26/6.84.Bd1: "Storbritannias forhold til De Seks", 15.04.61.

which would modify British and Danish eagerness.[32] Interests and policies of the EFTA countries were, however, too divergent to be firmly united. The Norwegian strategy therefore failed. On 31 July both the British and the Danes announced they would apply for membership negotiations. No firm EFTA commitment was ever established. Each country was to handle the issue on its own. EFTA ministers did, nevertheless, sign two joint EFTA statements in which they expressed will to reach a satisfactory solution for all countries and maintain liaison when negotiating individually with the EEC.[33] During these EFTA discussions Foreign Minister Lange had clearly worked from the premise that Norway would seek some kind of formal relation with the EEC, a mandate which, however, only implicitly had been given by Parliament.[34] Parliament had never taken a formal position on the issue.

III. The interregnum July 1961–January 1963: Advancing ambiguity

Parliament, in fact, never annulled the joint EFTA statements. Thus, when Norway took up discussions about the adequate response to the British decision, the question was whether to negotiate on the basis of full membership under § 237 or some kind of looser association under § 238. Remaining outside, hopefully with some kind of trade agreement, represented a third option. By signing the joint EFTA declaration, notwithstanding, the Government had signalled that the third option would not be preferred. As for all options national benefits had to be delicately balanced against national costs. The many public reports produced during the late 1950s as well as experience during the FTA and EFTA negotiations worked as substantial guiding principles for such balancing.[35]

The economic arguments in favour of membership were linked to the generalised benefits of market access. As already mentioned, the Government had developed a policy to restructure the economy by increasing in-

32 Cabinet minutes 20.06.1961 and 22.06.1961; Foreign Office: UD 44.36.5 Bd.7: "Møtet i EFTAs Ministerråd 28. juli i Geneve", 29.07.61; Guttorm Fevang: Norge-nissen på lasset. En studie av beslutningsprosessen som fant sted forut for Norges første søknad om medlemskap i EEC, unpublished cand.philol. thesis, Trondheim 1995 p. 36 ff.

33 Declarations enclosed Parliamentary report nr.15, 1961–62.

34 Parliamentary proceedings 7b, 1960–61 p. 3042 ff, 3419, 3375 ff.

35 The basic pros and cons are revealed in the parliamentary reports nr.15, 1961–62, nr. 67, 1961–62, and Innst.S.nr.165, 1961–62.

dustrial exports. Increased export income and capital imports were to pay for the expansion of export industry, the modernisation of the sheltered sectors, including agriculture, as well as the welfare state. Industrial growth rates had decreased during the late 1950s and the Government had decided to increase investments. Remaining outside the EEC tariff walls would hit Norwegian exporters. The Government assumed that maintaining the composition and volume of Norwegian exports to EEC on the level of 1959 would increase tariff duties about 100%. Moreover, with Britain, Denmark and Sweden (Sweden under § 238) participating in an enlarged EEC would comprise about 70% of traditional Norwegian export markets, and remaining outside the tariff walls would impede access for Norwegian manufacturing industry to these markets, which also included the booming German market. It would furthermore be increasingly difficult to attract foreign capital for future investment purposes. In sum, remaining outside the EEC would jeopardise this modernisation policy and negatively affect economic growth, employment and ultimately national welfare.

Association under § 238 was not regarded sufficient in this respect. Experience during the negotiations on the Free Trade Area as well as the EFTA negotiations had led the Government to assume that an association agreement would allow EEC member countries such as Belgium, France and Italy, but possibly also the British, to demand regulations which would impede the exports of pulp and paper, aluminium and ferrous alloys—those sectors which exploited the comparative advantage of cheap Norwegian energy. Moreover, an association would make it far more difficult to include fish exports in the common market.

There were also strong security arguments in favour of membership. Firstly, because the US had come out in favour of EEC-enlargement, and the British and Danes now seemed to become members, Norwegian participation would help reinforce an Atlantic profile. Secondly, the Government saw Norwegian prospects within NATO being marginalized. The risk of being considered a semi-neutral, thus loosing influence and ultimately security, would definitely increase by remaining outside. This argument was also applied to an association solution, as the neutral EFTA countries were opting for association. The counterargument that Norwegian membership would break up Nordic solidarity had lost weight as the Danes so eagerly wanted membership.

These generalised benefits were balanced against generalised costs. Neither a political party nor any influential non-governmental organisa-

tion had ever argued in favour of European federalism. The most significant generalised cost was therefore the danger of drifting into a supranational structure. Elements of supranationality was certainly written into the treaties of Rome. EEC was to become a common market implying policy harmonisation, and CAP was already in its embryo. The fear of supranationalism was, however, somewhat counterbalanced by the belief that France, along with the possible new members, would block any further development towards supranationalism. Another generalised cost was the weakening of Nordic identity. As Sweden and Finland would not become full members due to security considerations, the perceived Nordic foreign policy solidarity would be challenged. The Government also saw that the EEC endangered the Nordic labour market and the tendency towards harmonisation of Nordic social policy, properly speaking social democratic policy. Still, the Nordic argument was weakened by the eagerness of the Danes to become a member along with the British. This already challenged the image of Nordic identity.

In addition to these generalised costs there were the more serious domestic costs. The highly protectionist agricultural system and probably also the fishery system would hardly survive membership. But for some years the Government had discussed a possible change of the agricultural system, and in that perspective CAP regulations were not regarded so costly. Evidence indicates that maintenance of the existing fishery system was given priority to agriculture, but we can not be sure. Still, there was a tendency to balance the benefits of maintaining the existing fishery system against the benefits of access to export markets for fish. Restructuring costs in the fishery sector could be minimised by joining, as Norway then would gain influence on a future EEC fishery policy. The possible disintegration of domestic concession regulations, which allowed the Government to give preference to Norwegian investors, was also perceived as a major problem. This would give foreign companies access to cheap energy, the comparative advantage on which the modernisation policy rested. The possibility that foreign capital could penetrate the economy without political control did not at all accord with the social democratic mind.

To sum up, the substantial perceptions of costs and benefits were very much the same as during the FTA- and EFTA-negotiations, but the implications regardless of choice were more profound. Archival evidence certainly displays no enthusiasm at all. One can definitely argue that the fear of being left outside the Community and not an autonomous wish for

membership was the underlying concern of the Government. Full membership would provide generalised benefits, but imply considerable domestic restructuring costs. Association would reduce domestic costs, but also benefits in terms of reduced market access and access to centres of political decision making. The awkward situation allowed for advancement of traditional stereotypes. There was reluctance towards German and French power in general, German economic policy and French colonial policy in particular. Still, one can see how cabinet members as well as government bureaucracy, implicitly assuming that Norway would have to follow Britain, allowed wishful arguments to prevail. With British and Scandinavian membership one would probably resist any unwelcome development of supranationalism as well as buttress the forces of democracy, and social democracy, among the continental member states. Policy makers realised of course that that the optimal solution would be full membership, but with exemptions, long transitionary periods and the possibility to invoke escape clauses.

On 28 April 1962 Parliament decided to apply for negotiations for full membership. On 2 May, about nine months after Britain and Denmark, the Government handed in the so called membership application. The application did, however, not reflect any consistent policy choice. In one paragraph the Government stated it would contribute to the implementation of the Treaty. In the next it stated that satisfactory solutions to national problems would have to be reached. In plain speech this meant exemptions from the Treaty. By the spring of 1962 neither clear priorities nor consistent policy, and far from any bargaining policy, had been produced by the Norwegian polity. Actually, the Labour Party, Cabinet and Parliament had never taken a stand, not even *en principe*. They all announced they wouldn't do so until an agreement had been negotiated with the Six. Parliament decided not to apply for membership, only for membership negotiations as a means to clarify Norway's future relation with the EEC. To conclude, the seemingly consensus observed within the Norwegian polity was simply a consequence of the rather vague perceptions that had developed.

Having produced no policy choice at all, why should the Norwegian application be delayed for almost ten months? Balancing the substantial arguments was in itself surely awkward. It occurred during a situation where neither the policy of the Six could be fully anticipated, nor could the future composition of EFTA. The Government was of course well aware of the British-French disagreements, the subsequent veto could, on

the other hand, not be anticipated. Still, the delay was not a result of the Government being unable to identify and balance substantial arguments of costs and benefits. As argued, similar balancing had increasingly been done within the polity since the mid 1950s. A corporatist body, *Frihandelsutvalget*, frequently discussed market issues, and recommended on 15 September 1961 that Norway as a bargaining strategy should negotiate for full membership. This was also the attitude among cabinet opinion leaders like Halvard Lange and Arne Skaug. The delay was, nevertheless, a result of deliberate calculations by the Government as the issue carried considerable potential for escalating domestic political conflicts. Basically, the potential for conflicts reflected the socio-political cleavages and the traditional ambiguity of national policies.

Reluctance and ambivalence existed within the Cabinet, in all political parties, among interest organisations and amidst the electorate. Prime Minister Gerhardsen for instance, argued on several occasions in favour of association. Members of the Foreign Affairs committee in Parliament criticised Halvard Lange for having committed Norway too strongly by the joint EFTA declaration. The declaration was, however, sanctioned, but on the basis of a variety of diverging premises. The reaction revealed the fact that parliamentary support was fragile.[36] Domestic political considerations had to be given extra weight as the idea prevailed during the autumn of 1961 that the issue had to be decided by a referendum in the last resort. Yet this was formally decided by Parliament in April 1962. Simply because the cleavages split most parties, they tended to argue in favour of referendum.[37]

The Government could certainly have avoided this threat had it at an early stage chosen to opt for association agreement. This act, though, would have excluded the possibility of full membership with exemptions from treaty obligations. Strategies to keep the options open and establish sufficient discursive consent were therefore regarded a political necessity. Prime Minister Gerhardsen in particular, who also was generally sceptical about Norway being too deeply integrated in West European organisations, feared that political tension could be evoked before the coming parliamentary election in September 1961. The cleavages ran right through the Labour Party, which had recently split up due to foreign policy issues. Against the will of the Foreign Minister and the Minister of Commerce,

36 Cabinet minutes 01.08.1961.

37 Tor Bjørklund: "The Demand for Referendum: When Does It Arise and When Does it Succeed?", *Scandinavian Political Studies* No. 3, 1982.

who both quickly wanted to queue up in Brussels with the British, the Government decided to establish domestic consent before presenting the issue to Parliament. On 13 October the Government presented Parliament a report on the issue which presented no policy conclusions at all.[38] Consequently, for the time being government policy did not surmount the joint EFTA declaration. A prime objective was to avoid any oppositional voice within the labour movement which could restrict future options.

In early October 1961, a joint meeting of the Cabinet, the party leadership, the party group in parliament as well as the trade union leadership accepted a proposal by the Prime Minister to allow for decentralised party treatment of the issue.[39] The party subsequently decided that government policy should not be formulated until the party had dealt thoroughly with the issue. A party meeting scheduled on 15 February 1962 was to decide whether to negotiate on the basis of membership or association. The decision was taken despite the Foreign Minister Halvard Langes argument that such a delay would weaken Norwegian bargaining strength.[40] Subsequently, the majority of the Foreign Affairs Committee in parliament also favoured to delay the decision that was to be taken by Parliament.[41] Not only the Labour Party saw prospects of internal tension.

In anticipation of the Labour party decision in mid February an increasing number of Labour leaders favoured negotiation on the basis of full membership. This seems to have been the opinion of a majority of the cabinet members by the end of October 1961. The fact that the Minister of Industry, Kjell Holler, joined forces with Halvard Lange and argued in favour of membership appears to have made an impact.[42] This was furthermore recommended by the central board of the Party by the end of November. Within the party group in parliament, though, there was a majority in favour of negotiating for association. In a cabinet meeting on 2 February 1962 all cabinet members clarified their position. Only one member (Gunnar Bøe), who later left the Cabinet, argued against membership negotiations.[43] In accordance with this gradual settlement, government information was increasingly biased in favour of membership negotiations. It focused on the generalised economic benefits following access

38 Parliamentary Report nr.15, 1961–62.
39 On the Labour Party, see Nils A. Røhne: De første skritt inn i Europa. Norsk europa-politikk fra 1950, *Forsvarsstudier* 5, 1989; and Fevang 1995.
40 Cabinet minutes 28.11.1961.
41 Cabinet minutes 05.12.1961.
42 Cabinet minutes 07.11.1961.
43 Cabinet minutes 02.02.1962.

to EEC markets. A close reading of government speeches and public papers also reveal a tendency to reduce the political implications of membership.[44] Arguments state it was primarily a framework for economic co-operation and it would in practice work as an intergovernmental machinery. Information did not focus on the possibility of loosing sovereignty to community institutions. This biased presentation was probably a deliberate choice. And it turned out to be successful. On 15 February the Labour Party came out in favour of membership application. A majority of the corporate interest organisations agreed with the government conclusion. Having attained this consent the Government in March presented its final report to Parliament, where it argued for negotiations on the basis of membership.[45] A majority of 113 out of 150 MPs supported this.[46] The character of the parliamentary debate clearly indicates that domestic restructuring costs were considered more important than foreign policy costs such as weakened Nordic identity.[47]

The main government objective during this period had been to avoid restriction of the options, and to reach this no coherent policy choice had been signalled. Actually, policy had been so vague that public opinion during the autumn of 1961 had remained almost untouched. A poll revealed that 46% had not yet taken a stand to the issue.[48] 36% favoured Norwegian participation and 18% were against. With increasing public interest during the spring of 1962 there was, however, a slight turn against participation. In March a poll revealed that 37% favoured participation. The number against had, on the other hand, increased to 31%, implying that 32% had not taken a stand. The trend was therefore increasing opposition. Those who had not taken a stand were, nevertheless, still more numerous than those who were against.

In terms of avoiding strong parliamentary opposition the Government certainly had succeeded. However, during the spring of 1962 organised extra-parliamentary opposition had been established.[49] Organised interests within the primary sector had 'woken up'. These had during the FTA- and EFTA-negotiations been inclined to accept some domestic change.[50] By

44 Se e.g. parliamentary proceedings 7b, 1960–61 p.3046.
45 Parliamentary Report nr.67, 1961–62.
46 Parliamentary proceedings 7b,1961–62 p.3010.
47 Parliamentary proceedings 7b, 1961–62 pp.2674–3011.
48 B. Alstad (red.): *Norske meninger 1946–93. Bd.1: Norge og verden,* Oslo 1993 p. 160.
49 Tor Bjørklund: *Mot strømmen. Kampen mot EF 1961–1972*, Oslo 1982.
50 Riste 1997 p. 47 ff.

14 January, nevertheless, the EEC countries had agreed on principles for CAP. Calculations concluded that Norwegian participation in CAP would imply an immediate income reduction for farmers of at least 20%.[51] From now on agricultural interest organisations increasingly voiced opposition against membership[52] and the Agrarian Party had become increasingly reluctant.[53] From April 1962 the Agrarian Party and agricultural interest organisations established an "information council" (*Opplysningsutvalget av 1962*) to campaign against membership. Parallel to this also intellectuals and radical socialists organised against Norwegian participation (*Aksjon mot Fellesmarkedet—de 143*). The organisations did, however, never coalesce. Intentions to do so existed, and a meeting was scheduled for January 1963, some few days after de Gaulle's veto. They did, notwithstanding, inform the public and organise demonstrations in the streets. In the course of 1962 therefore there was an increasing focus on arguments against Norwegian participation. It is, nonetheless, hard to assess the implications on public opinion. No reliable polls were taken. The increasing voice against membership did, however, certainly embarrass the Government.

The interesting question is whether the Government in negotiations with EEC would have been willing to accept treaty bound conditions to attain membership. Would it have taken the costs in a situation where the Government had minimised the possible impacts of accession when informing the public, where the opponents of membership organised themselves on an extra-parliamentary basis, and where it realised that parliamentary support was indeed fragile? Remember that the final decision was to be taken by a referendum. We can't know for sure. Substantial negotiations were never taken up and the Government never developed a consistent bargaining strategy. Papers on the coming bargaining process are vague.[54] Neither the application of May 2 nor the 16 pages position paper handed in to the Council of Ministers on 4 July[55] provide an answer. The Norwegian position paper certainly outlined the wide spectre of domestic costs following Norwegian membership, and indicated the need for special treatment. Still, the position paper was so vague that the Council of Minis-

51 Parliamentary Report nr.67, 1961–62, Innst.S.nr.165, 1961–62.

52 Riste 1997 p. 82 ff.

53 Jostein Trøite and Jan Erik Vold: *Bønder i EF-strid: Senterpartiet og landbruksorganisasjonene 1961–1972*, Oslo 1977 p.73; Roar Madsen: I tru og tvil om samarbeid i Europa, unpublished manuscript.

54 Foreign Office: UD 44.36/6.84. Bd.13: "Det norske opplegg til forhandlinger med EEC. Notat til statsråd Gundersen av Langeland", 20.05.62.

55 Foreign Office: UD 44.36/6.84 Bd.14 "Den Norske Regjerings erklæring overfor Det Europeiske Økonomiske Fellesskap."

ters responded that the Norwegian government ought to clarify its position further.[56] Discussions within the Government, and with the Foreign Affairs Committee in parliament as well as with organised interests before the application was sent, do not give any answer. The lack of a strategy is revealed by Foreign Minister Lange's discussions with the Council of Ministers and EEC officials in the course of 1962. He seems to have been drifting in all kinds of directions.[57] If there was a policy guideline, it was still to keep the options open and, when eventually forced, to assess matters in wider context.

One might, firstly, interpret this vagueness as a rational adaptation to the future French veto.

There is, however, no evidence that the Government anticipated the veto in the course of 1962. When Edward Heath on 22 October 1962 informed the EFTA Council about the British negotiations, he signalled optimism.[58] I will therefore exclude this interpretation. Secondly, one might interpret the vagueness as reflecting the idea that Britain negotiated on behalf of the other EFTA countries. The EFTA Agreement from late June 1961 certainly could give such an impression. The Government realised, on the other hand, that Norwegian interests diverged too much from British and Danish ones, so under any circumstance there would have to be carried out separate negotiations. Consequently, this interpretation can also be excluded. Thirdly, one may interpret the vagueness as a consistent policy to bring Norway in as member by domestically pleading the gravity of external forces. Such an interpretation is compatible with advice given by Foreign Ministry officials, which said that Norway should accommodate the Six and not take a firm position with regard to exceptions from the treaty. Still, as long as there is no archival evidence that Government actually developed such a strategy, and this definitely would have been an extremely risky strategy before a referendum, I will also exclude this interpretation.

Having excluded the above interpretations, we can conclude that the absence of a consistent bargaining policy during the autumn of 1962 fits

56 Foreign Office: UD 44.36/6.84: "Henvendelse om nærmere opplysninger rettet til den norske regjering fra medlemsstatene i CEE som følge av ministermøtet 4.juli 1962", 12.12.1962.

57 Knut Einar Eriksen and Helge Ø. Pharo: The Common Market Issue in Norway, in Richard T. Griffiths and Stuart Ward: *Courting the Common Market. The First Attempt to Enlarge The European Community 1961–1963*, London 1996 p. 238 ff.

58 Bjarne Lie: A Gulliver among Lilliputians. A History of the European Free Trade Association 1960–1972, Unpublished cand.philol. thesis, Oslo 1995 p. 170.

very well with the observed ambivalence and confusion within the Norwegian polity before Parliament decided to take up negotiations.

As argued, this policy confusion reflected basically that EEC-membership, as opposed to EFTA-membership, would challenge existing ambiguity in national policies and therefore the existing socio-political balance. Thus, the awkward decision of how to approach EEC had been delayed for months, and nevertheless signalled no clear policy choice at all. Consequently, in terms of seeking a framework for the advancement of national policy this period of one and a half years must be regarded an interregnum of almost paralysing policy confusion.

US policy to overcome the market split in Europe, 1959–1963

HEIDI STOREHEIER*

At the end of the 1950s, European[1] countries' accommodation to regional trading arrangements contested the US multilateral vision. The creation of the European Economic Community (EEC) in 1957 and the European Free Trade Association (EFTA) in 1959 and their growing conflict over trade and access to markets alerted the United States to conditions in conflict with US foreign policy aims, such as non-discriminatory liberal trade. Given the US desire for a multilateral trading system, especially in a time with growing balance of payments problems, my argument is that the United States intervened in the Western European market split to resolve the conflict in accordance with its own interest. Indeed, did the US utilize the internal European conflict over the fundamental issue of the future organization of Western Europe in order to achieve their own goals? To explore this question it is necessary to examine the US policy in regard to the EEC and EFTA between 1959 and 1963. It is also important to understand why and how this policy evolved. This paper will first explain the exact problem which the market split between the European countries was likely to bring upon the United States. Second the evolution of US policy towards this problem will be laid out. Last, this paper will deal with the question of US influence and implementation of US policy.

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1 The term 'Europe' is used throughout the article in the meaning of 'Western Europe', embracing the seventeen member states of the Organization of European Economic Cooperation (OEEC).

The US problem with the European market split in the fall of 1959

The European market split originated in two different ways of organizing European cooperation and trade. The EEC's outspoken aim since its creation in 1957 was a common market. Created as a reaction to the EEC in 1959, EFTA whose members were less ambitious aimed at a free trade area. However, EFTA's overriding objective and purpose was to eventually facilitate a wider arrangement providing for free trade between the EFTA members, the EEC, and the rest of the Organization of European Economic Cooperation (OEEC). Indeed, it was the EFTA members' worry about future discrimination of trade by the EEC members which was the rationale for EFTA's creation in 1959.[2]

Earlier attempts at creating a Europe-wide free trade area, with the aim of limiting trade discrimination between the EEC and the other OEEC countries, had ended in failure in 1958.[3] The EEC had struggled since then to consolidate the unity among its members. The EEC Commission sought to demonstrate EEC unity by dealing with the European market split with other means than a resumption of negotiations for a Europe-wide free trade area. While the EEC Commission in the fall of 1959 recommended a pragmatic and gradual way out of the present market split by solving the problem step-by-step, the EFTA countries searched for an early opportunity to bridge the gap between the two groups and solve the problem in one go by creating a Europe-wide free trade area.[4]

2 A detailed treatment of EFTA's rationale and negotiations towards association in 1959 is found in Mikael af Malmborg, *Den Ståndaktiga Nationalstaten. Sverige ock den västeuropeiska integrationen 1945–1959* (Lund: Lund University Press, 1995), pp. 342–386. Also see Mikael af Malmborg and Johnny Laursen, 'The Creation of EFTA' in Thorsten B. Olesen (ed.), *Interdependence Versus Integration. Denmark, Scandinavia and Western Europe, 1945–1960* (Odense: Odense University Press, 1995), and Tormod Utne, *Brobygging dømt til å feile. EFTA i Britisk Europa-politikk 1958–1963* (Cand. philol. thesis, The Norwegian University of Science and Technology, Trondheim, 1996).

3 The historiography of the Free Trade Area negotiations has grown quite extensive in the most recent years. For the best accounts see Miriam Camps, *Britain and the European Community 1955–1963* (London: Oxford University press, 1964), pp. 93–172; Richard T. Griffiths and Stuart Ward, '"The End of a Thousand Years of History": The Origins of Britain's Decision to Join the European Community, 1955–61', in Griffiths and Ward (eds.), *Courting the Common Market: The First Attempt to Enlarge the European Community 1961*–1963 (London: Lothian Foundation Press, 1996), pp. 11–16; John W. Young, *Britain and European Unity, 1945–1992* (London: Macmillan, 1993), pp. 43–66; Leon N. Lindberg, *The Political Dynamics of European Economic Integration* (Stanford: Stanford University Press, 1963), chapter 7, and Erik Bloemen, 'The Six and the Free Trade Area,' in Olesen (ed.), *Interdependence versus Integration.*

4 The EEC Commission prepared two memorandums which suggested ways to deal with the market split in Europe. The first memorandum was launched in March 1959, while the second memorandum was launched in September 1959. See Lindberg, *Political Dynamics*, pp. 152–155.

The United States strongly supported the EEC, seeing it as the first step towards a United States of Europe.[5] At first, the United States responded quite favourably to EFTA's plans for a limited free trade area as well.[6] As the State Department identified EFTA's overriding objective, the desire for a Europe-wide free trade area, the US sympathetic view dwindled.[7] It seems that in the State Department's view, EFTA's bridge building approach could have ill-fated results for US foreign policy objectives if carried out. Bridge building meant that EFTA sought a settlement with the EEC as soon as possible. To make a merger easier between the two, the EFTA countries had decided to follow a tariff reduction schedule similar to the EEC. In the long run EFTA's tariff reduction schedule could put strain and pressure on some of the EEC members, as trade between the two groupings would become more difficult. Some of the EEC and EFTA members had traditionally a high degree of trade with members of the other group. Lower tariffs to members only would make outside countries less competitive. This would intensify some EEC member's desire for some sort of settlement with the EFTA countries, while other EEC members strongly opposed the idea. The US feared that this pressure would strain the EEC unity, a concern voiced by some EEC members even before the Stockholm convention was signed.[8] Documents show that in the State Department's opinion, new negotiations for a wider arrangement between the European countries would most probably delay the integration progress the EEC (and the United States) aimed at. Worse still, it could also impede the entire integration process. This development would be contrary to the US desire for a strong and united Europe, based on supranationality. New negotiations could also lead to bilateral and preferential arrangements between the two groups, where EFTA and EEC would give tariff concessions to each other, but not to other outside

5 Pascaline Winand, *Eisenhower, Kennedy, and the United States of Europe* (New York: St. Martin's, 1993).

6 Circular 1450, 27.06.59, RG 59, Central file 440.002/6–2759, NA and Circular 52, 15.05.59, RG 59, Central file 440.002/7–1559, The US National Archives and Record Administration (NA).

7 Circular 476, 13.10.59, RG 59, Central file 440.002/10–1359, NA and Circular 480, 14.10.59, RG 59, Central file 440.002/10–1459, NA.

8 Memorandum of conversation between Baron Snoy and Tuthill, 30.10.59, RG 59, Central file 840.00/10–3059, NA.

countries. Such a development would be contrary to the US long standing interest in world multilateral trade.[9]

Documents show that it was the prospect of a preferential arrangement between the two groups which forced the United States to intervene in European affairs at the end of 1959. In the fall of 1959 the State Department received numerous messages that this development was possible. The British in particular seemed fixed at pushing this matter at the earliest moment possible.[10] The EEC members could, on the other hand, not agree on further integration measures as various proposals were put forward by the member countries. Some of these proposals even went a long way to meet the EFTA countries' desires.[11] In the event of a settlement between the two groups, outside US control, the US government faced the possibility of increased discrimination of its trade, the distortion of the forthcoming GATT negotiations, and possibly damage to the multilateral trading system long desired. These prospects were even more threatening at this time when the United States was faced with a growing balance of payments deficit. Shortly, the growing market split could have large implications for

9 Position papers on European integration and cooperation, 23.08.59, White House Central Files, Subject Series, Box 53, Presidents trip to Europe 1959, General Goodpaster Aug.–Sept. (II), p. 1, and Memorandum for the President from Under Secretary Dillon, White House Office, Office of the Staff Secretary, records 1952–61, International series, Box 14, "Macmillan – vol. II of II (3) (Aug–Sept 1959)," both The Dwight D. Eisenhower Library (DDEL); Polto A 61 from USRO (Burgess) to the Department of State, 30.07.59, RG 59, Central file 840.00/7–3059, NA; Ecbus 100 from the US Mission at the European communities (Butterworth in Brussels) to the Department of State, 10.09.59, *Foreign Relations of the United States (FRUS)* 1958–1960, vol. VII, part 1, pp. 145–146.

10 Telegram 473 from the US embassy in London (E. Martin) to the Department of State, 20.08.59, RG 59, Central file 440.002/8–2059, NA; Telegram 495 from the US embassy in London to the Department of State, including a memorandum of conversation between US (John W. Evans) and UK (Gilbert Holliday) on August 19, 21.08.59, RG 59, Central file 440.002/8–2159, NA; Memorandum of conversation between Dillon and Sir Makins, 06.10.59, *FRUS* 1958–1960, vol. VII, pp. 158–162.

11 In October 1959 the Benelux countries proposed that the next round of EEC tariff cuts (ten percent at 1 July 1960) should be generalized to outside countries. France strongly opposed this idea, and was only willing to generalize those cuts which would not bring the EEC countries' tariffs below the level of the future common external tariff. In November, the French proposed acceleration of the EEC timetable for reduction of internal tariffs among the member states. According to this proposal, the internal tariff should on 1 July be cut by twenty percent instead of ten percent, and at the same time the first rapprochement of national tariffs towards the common tariffs should be made. Only a week later the Dutch countered the French poposal lauching what was to be called the Luns plan. Its major feature was the extension of the Common Market's internal tariff measures scheduled for 1 July 1960 on an most-favored-nation basis, and a twenty percent cut in the common external tariff. Telegram 704 from the US embassy in Paris (Reinstein) to the Department of State, secret, 10.11.59, RG 59, Central file 840.00/11–1059, NA; telegram 2152 from Ambassador Houghton to the Department of State, 16.11.59, *FRUS* 1958–1960, vol. VII, p. 169, footnote 3; Telegram from the US embassy in the Hague to the Secretary of State, 14.11.59, RG 59, Central file 440.002/11–1459, NA; Telegram from the Department of State to selected missions, 20.11.59, R 59, Central file 840.00/11–2059, NA.

the US economic situation.[12] In this situation the Eisenhower administration seized the initiative and pursued a strategy of heavy US involvement and intervention in European affairs.

The US policy to overcome the 'market split' in Europe

When examining US policy towards the EEC and EFTA it is helpful to speak of short-term and long-term objectives. In my interpretation, the United States' *short-term objective* was to prevent a purely European economic arrangement between the EEC and EFTA. Both in talks with the Europeans and in policy papers it was stated that the United States opposed any tendency towards the creation of a discriminating trading bloc inconsistent with GATT. The United States opposed any bridge building between EEC and EFTA which would tend toward an enlarged but preferential European bloc.[13]

The US means to prevent this happening were to propose the reorganization of the OEEC. The idea was that the group who would have the public task of reorganizing the OEEC also should iron out the problems between the EEC and EFTA. The original idea was to proceed unilaterally, launching the proposal at the President's State of the Union address in January 1960.[14] Under Secretary of State, Douglas Dillon's trip to Europe in December 1959 made the State Department realize the urgency of the situation. The danger of discrimination against the US was, according to

12 Memorandum of conversation between Dillon and Sir Makins, 06.10.59, *FRUS* 1958–1960, vol. VII, pp. 158–162; Memorandum for the President from Secretary Herter, secret, 24.11.59, RG 59, Central file 440.002/11–2459, NA.

13 'The United States and European Economic Regionalism', by S/P, 08.02.60, RG 59, Records of the Policy Planning Staff 1957–61, Lot 67 D548, Box 152, Folder: 'Europe Jan–July 1960', NA. Drafted by Fuller.

14 Memorandum for the President from Secretary Herter, secret, 24.11.59, RG 59, Central file 440.002/11–2459, NA.

Dillon, more real than any of the European countries would admit publicly.[15] Hence, the State Department prepared the initiative on the reorganization of OEEC for a joint decision to be made on this at the Western Summit meeting in Paris right before Christmas 1959. This way the United States and the Europeans could deal with the problem more rapidly.[16]

At an OEEC Council meeting in January 1960, where the formal decision to reorganize the OEEC was taken, the US proposal for a separate committee to deal with the European market split was adopted. The Trade Committee of Twenty-One consisted of twenty-one members; all the OEEC members as well as the United States, Canada, and a representative from the EEC Commission. It was created to serve as a forum where the EEC and EFTA could get together and sort out their trade difficulties, such as the market split. The European conflict was now lifted to an Atlantic level.[17]

It is important to note that the creation of the Trade Committee of Twenty-One seems to have forestalled a European initiative for a purely European economic settlement. Though, the Swiss and the Swedes in particular continued to keep the market split high on the agenda, the United States persisted to argue that efforts to revive negotiations for a free trade area in the new committee could lead to no useful results and would

15 Under Secretary Dillon went to Europe in December 1959 with one particular purpose: 'to study the problems of the six and the seven.' He met with representatives of the British government first, sounding out their views on the European trade problem. One US aim in these discussions was to convince the British to work with the US government to press the EEC to adopt a liberal trade policy and that way prevent a purely European settlement. It was made clear to the British that the US would not like it if a wider solution was to come about in the near future, rather Dillon wanted the British to participate in the forthcoming GATT negotiations and to consider what could be done in terms of 1 July when the internal tariff cuts were to take place. *Under Secretary Backgrounder*, Dillon's trip to Europe, 13.12.59, RG 59, 840.00/, NA; Memorandum for the President from the Acting Secretary Dillon, 27.11.59, Papers of D.D.E. as President of the U.S., (Ann Whitman file), Dulles-Herter Series, Box 12, Christian Herter November 1959 (1), DDEL; Memorandum of conversation between British Ministers and Dillon, 08.12.59, RG 59, Central file 400.002/12–859, NA. Dillon also met with representatives of the EEC, the Belgian Foreign Minister, Chancellor Adenauer and other German ministers, representatives of EFTA, the OEEC and representatives of the French government. Going back to the United States Dillon reported to Secretary of State Herter that it was best to act now, and also presented ways to do it, see Memorandum from the Under Secretary of State Dillon to Secretary of State Herter, 13.12.59, *FRUS* 1958–1960, vol. VII, p. 206.

16 See Tocah 4 from the Department of State to the US embassy in Paris, 15.12.59, *FRUS* 1958–1960, vol. VII, pp. 207, footnote 1 to document 88; Tocah 5 from the Department of State to the US embassy in Paris from Dillon, 15.12.59, RG 59, Central file 840.00/12–1559; Tosec 16 from the Department of State to the US embassy in Paris, from Dillon, 16.12.59, RG 59, Central file 440.002/12–1659, NA.

17 'United States participate in Economic talks in Paris,' Dillon's statement before the Special Economic Committee, Paris, 12 January, *State Department Bulletin* 42 (1 February 1960), pp. 140–145; Secun 3 from the US embassy in France to the Department of State, message for the President from the Under Secretary, 14.01.60, *FRUS* 1958–1960, vol. VII, p. 235; Secun 4 from the US embassy in France to the Department of State, message for the President from the Under Secretary, 15.01.60, *FRUS* 1958–1960, vol. VII, p 236

merely intensify emotions and sensitivities on this difficult problem.[18] Being a member of the Trade Committee of Twenty-One, the United States was now in its much desired position of controlling the European market split.

The new-established Trade Committee of Twenty-One was created to prevent the EEC and the EFTA countries from engaging in negotiations which could lead to a preferential settlement discriminatory to US trade interests. Thus, the US short-term objective seemed fulfilled. The United States also sought to have its *long-term objectives* fulfilled through this committee. This was to deal with what can be labeled 'the problem of 1 July'.

On 1 July 1960 both the EEC and EFTA were planning to reduce their internal tariffs by ten and twenty percent respectively. It was this problem which in the first place had put pressure on the EEC countries for a settlement with EFTA as it would mean increased discrimination to EEC imports and exports. The internal tariff reductions would also increase discrimination against US trade. The problem of 1 July was therefore put on the agenda for the Trade Committee of Twenty-One's first meeting at the end of March 1960. The US idea was to find some practical measures to limit the discrimination inherent in the EEC's and EFTA's moves on 1 July. Already in December the previous year Under Secretary Dillon had told the National Security Council that the best way to compromise the two groups differences was for the Common Market to lower its tariffs on a most-favoured-nation basis; that is to lower the EEC tariffs to all GATT countries.[19] Hence, placing its full effort behind this solution after having forestalled a preferential arrangement in Europe, it seems that the US long-term objective in regard to the European market split was to have the EEC and EFTA extend its planned tariff reductions to third countries. It is curious that this was identical with the US policy towards the EEC since at least 1958. Back then the US argued that there was a need to bring about a lowering of the common external tariff of the EEC in order to ensure that US exports would have continuing access to this increasingly vital market and to help ease trade adjustments between the Community and other

18 In February 1960 Dillon, in a speech to the Policy Board of Business, bluntly stated that the US participation in the economic talks in Paris 'was designed to forestall a purely European settlement at the expense of the rest of the free world', adding that through the establishment of the Trade Committee of Twenty-One 'any strict European deal [had] been ruled out.' See Meeting of the Policy Board of the Business Council for International Understanding with Officials of the Department of State and others, 23.02.60, Lot file 64 D199, NA; Telegram 1380 from the Department of State (Herter) to the US embassy in Bern, 19.02.60, RG 59, Central file 375.42/2–1860, NA.

19 Memorandum of discussion at the 429th Meeting of the National Security Council, 16.12.59, *FRUS* 1958–1960, vol. VII, pp. 218–220.

countries in GATT.[20] US efforts to encourage the EEC in this direction was therefore already underway before the market split appeared critical.

The EEC had since the fall of 1959 been engaged in internal discussions on acceleration of the implementation of the Treaty of Rome, as well as on proposals for liberalizing action to third countries. This would both make the Treaty of Rome irreversible, as well as appease the other European countries and the United States in terms of their worry about trade discrimination.[21] In February 1960 the EEC Commission launched a proposal for speeding up the implementation of the common market.[22] One important feature followed: the Commission offered a twenty percent reduction of the common external tariff. This was an offer the United States could not turn its back on. This tariff reduction was much larger than what could be expected to be negotiated in the next GATT round, and brought promises for less discrimination against US trade. In fact, it was only the inclusion of this substantial reduction in the common external tariff which made the US ready to support the Commission's acceleration proposal so strongly. In the spring of 1960 the Eisenhower administration put all its efforts in to ensure the adoption of this offer by all the EEC countries.[23]

20 Policy statement by the US Council on Foreign Economic Policy (CFEP) on scope of Public list for the 1960–1961 Tariff Negotiations, approved in the 93rd meeting of the CFEP, 24.09.59, *FRUS* 1958–1960, vol. IV, p 232.

21 This was the result of the Wigny proposal as well as the two memorandums of the EEC Commission, see Lindberg, *Political Dynamics*, pp. 174–177

22 On the basis of the diplomatic record it seems plausible to argue that this proposal was launched as a result of US influence. Efforts to encourage the EEC in the direction of lower tariffs and use of the most-favor-nation principle were put into effect in October 1959 when Ambassador Butterworth on instruction of the State Department presented the preliminary US views to the EEC Commission Vice-President Mansholt, 'with the purpose of influencing further consideration of the Hallstein memorandum'. Endorsing the Commission's Second Memorandum proposals, Butterworth said it was essential to the US that the EEC members took some action soon which would make a real impact on European and world opinion. In particular, the US hoped that if France went forward firmly with a liberal trade policy, all the EEC members would 'unite behind the Commission to carry out a liberal Community policy', see ECBUS D-87 from the US Mission to the European Communities in Brussels (Corse) to the Department of State, 03.11.59, RG 59, Central file 440.002/11–259, NA. In the following EEC discussions in regard to acceleration of the Rome Treaty, the US was well informed about the development. In fact, while in Europe in December 1959 Dillon in conversations with the EEC Commission put forward the idea of cutting the common external tariff. The EEC Commission was undoubtedly encouraged and influenced by the United States in this matter. Memorandum of conversation between the EEC Commission and Dillon, 10.12.59, *FRUS* 1958–1960, vol. VII, pp. 188–189.

23 The United State had opposed the acceleration of the Common Market's external tariff if it was standing by itself alone, see telegram 1380 from the Department of State (Herter) to the US embassy in Bern, 19.02.60, RG 59, Central files 375.42/2–1860, NA. The US negotiation power in the 1960–61 GATT round was limited by the 1958 Trade Agreement based on the Reciprocal Trade Agreement Act from 1934. Considerable dissatisfaction with this agreement evolved after 1958. In addition, the US government's bargaining strength was seriously impaired by the Tariff Commission's peril point findings on products under consideration for possible tariff concessions. The EEC offer of a twenty percent cut in their common external tariff was therefore of great importance to the US government.

The EEC Commission's proposal and the US endorsement of it considerably upset and provoked the EFTA countries. In their view, this proposal was prejudicial to EFTA's prime objective—the eventual establishment of a Europe-wide free trade area. Nevertheless, neither the British pledge to delay steps toward acceleration of the common market, nor the EFTA countries' counterproposal persuaded the United States to ease their position.[24]

It seems that it made no sense to the US government to sacrifice the golden opportunity to lower the common external tariff in order to make the possibility of a free trade area more likely. The United States therefore continued to push the EEC countries to adopt the EEC Commission's proposal, though it was a very unfortunate move for the EFTA countries' bridge building plans.[25] In May 1960 the EEC adopted the acceleration proposal, including the twenty percent reduction of the common external tariff contingent on satisfactorily reciprocal concessions at the forthcoming GATT negotiations. The offer was made contingent in order to preserve the EEC's bargaining power in the GATT negotiations. It was, nevertheless, an important decision as the acceptance of a twenty percent cut was made in advance and the US thought it would be difficult for the EEC to back off this concession. As the EFTA countries' push for an arrangement with the EEC diminished throughout 1960, the US policy seemed successful. In October 1960 a State Department circular was distributed to various missions in Europe, stating that we do not see emerging within next year any agreement on long-term relationship between ... EFTA and Six. Best chance for progress in easing difficulties remains in field of reducing tariffs of EEC and EFTA though GATT negotiations.[26]

24 For Swedish reaction see telegram 740 from the US embassy in Stockholm (Bonbright) to the Department of State, 09.03.60, RG 59, Central file 375.42/3–960, NA. For Swiss reaction see telegram 509 from the US embassy in Bern (Hoyt Price) to the Department of State, 10.03.60, RG 59, Central file 375.42/3–1060, NA. For EFTA's Ministerial meeting's reaction see telegrams 2125 and 2149 from the US embassy in Vienna (Matthews) to the Department of State, 18.03.60 and 22.03.60, RG 59, Central file 375.42/3–1860, and 375.42/3–2260, NA; Memorandum of conversation between representatives of EFTA and Dillon, 24.03.60, RG 59, Central file 375.42/3–2460, NA; Memorandum of conversation between Macmillan, Herter and Dillon, 28.3.60, RG 59, Central file 375.42/3–2860, NA.

25 Memorandum from the Special Assistant to the Under Secretary John Leddy to Under Secretary Dillon regarding *Meeting of Trade Committee of Twenty-One, March 29*, 22.03.60, RG 59, Central file 375.42/3–260, NA.

26 Circular CG-53 to various missions, 20.10.60, *FRUS* 1958–1960, vol. VII, pp. 303–304. In connection with EFTA's Ministerial Council meeting in October 1960 a Swiss official told officials at the US embassy in Bern that EFTA still desired rapprochement with the EEC, but since there was no specific indication that negotiations would lead to concrete results, EFTA would 'wait and see'. Telegram 202 from the US embassy in Bern to the State Department, 14.10.60, RG 59, Central file 375.42/10–1460, NA.

British frustrations in regard to EFTA's shortcomings, the EEC's aggressive policy towards outside countries, and US lack of sympathy for the difficult British position, led the Macmillan government to a juncture. From spring 1961 the British were considering EEC membership, and began sounding out the new Kennedy administration and de Gaulle. Responding favourably to the prospect of British membership in the EEC, the US policy towards a merger between the EEC and EFTA did not appear to change with the entry of a new US president. Preferential European arrangements were continuously opposed, reflected in heated conversations between Under Secretary for Economic Affairs George Ball and the British Ambassador in May 1961.[27] Anything which resembled the previous bridge building approach was ruled out. British attempts to secure satisfying arrangements with the EEC for the other EFTA members in event of its own entry to the EEC seemed therefore far-fetched. Special arrangements or association instead of full membership carried the danger of bringing about a patchwork quilt of association agreements with only one feature in common; preferential trade arrangements. In the Kennedy administration's opinion, solutions to the European trade problem short of full membership in the EEC were to be found within a larger framework, such as the newly established OECD, to safeguard US economic interests.[28] It should be noted, however, that the British' initial push for special arrangements for the other EFTA members who for various reasons could not consider full membership, seemed to gain these EFTA countries in that the US acknowledged that special arrangements had to be considered, though not to be negotiated at the same time as British membership. As the British started negotiations with the EEC the Kennedy administration did, however, voice large opposition to the association alternative which Austria, Switzerland and Sweden decided to go for. This did not hinder these three countries in submitting their applications for association with the EEC.

Well known by now, it was not the United States who put an end to the first attempt to enlarge the EEC, and closed the door for possible association agreements. It was President de Gaulle who in January 1963 declared

27 Memorandum of conversation between Ball and British Ambassador Caccia, 02.05.61, RG 59, Central file 375.800/5–261, NA; Memorandum of conversation between Ball and British Ambassador Caccia, 12.05.61, RG 59, Central file 375.800/5–1261, NA; Circular 1722 from the Department of State to various missions 02.05.61, RG 59, Central file 375.42/5–261, NA.

28 Circular 793 from the Department of State for certain missions in Europe, 27.10.61, *FRUS* 1961–1963, vol. XIII, pp. 43–45.

Britain 'unfit for membership' in the EEC and thereby abruptly ended the EEC enlargement issue. It took another ten years before EEC enlargement would take place and a trade agreement was reached for the remaining EFTA members.

Did the US policy have any influence?

Evidence put forward in this paper confirms, in my opinion, US readiness to pursue its own goals regardless of what the Europeans desired. Indeed, in light of the particular US policy toward the EEC since 1958, it looks like the Eisenhower administration used the European conflict in order to achieve gains for themselves. There is not always, however, accordance between a country's desired objectives and the country's final achievements. It is obviously necessary to ask whether the US policy towards the European market split had any influence on the actual developments in this matter. Did the US attempts to influence have the desired effect? Was the United States' policy in any way a determining factor in the attempt to untangle the European trade conflict between 1959 and 1963?

My research suggests that the United States did not always achieve exactly what they wanted in regard to the European trade problem. One example is Under Secretary Dillon's arduous effort to limit the size of the group which was to handle the reorganization of the OEEC and also to iron out the EEC-EFTA difficulties. Instead of nine OEEC members plus one representative from the EEC Commission as Dillon first suggested the Trade Committee grew to twenty-one members.[29] Also, Under Secretary of Economic Affairs George Ball's attempts to avoid association agreements between the neutral EFTA members and the EEC did not appear successful.

Nevertheless, the documents at hand also point in a direction suggesting that the US policy did result in what was in the US government's opinion a favourable development. Dillon's trip to Europe in December 1959 is but one example where the US sought to influence the course of developments between the EEC and EFTA. The British reaction after their talks

29 Tocah 5 from the Department of State to the US embassy in Paris, priority, from Dillon, no distribution ouside State, 15.12.59, RG 59, Central file 840.00/12–1559, NA; Tosec 16 from the Department of State to the US embassy in Paris, from Dillon, 16.12.59, RG 59, Central file 440.002/12–1659, NA; Miriam Camps, 'Division of Europe', *Policy and Economic Planning (PEP) Occasional Papers*, no. 8 (June 1960), pp. 38–39.

with Dillon, as documented in PRO material, suggest that the US did affect the British course of action. Indeed, Prime Minister Macmillan wrote '[t]he result of the talks with Mr. Dillon represent a considerable setback to our policy.'[30] Messages from British policy makers to US colleagues, as recorded in US archives, also suggest that the British in the first half of 1960 took the US policy and attitude towards the European market split into serious consideration when deciding their course in regard to this matter. In this sense it seems likely that the US to a certain extent succeeded in inducing Britain to recognize the US position and immediately push for a Europe-wide free trade area. To determine what effect this had on the remaining EFTA countries, additional research into each member country's national archives is needed. Though, as Britain was regarded as the leader of the EFTA group it is possible to assume that the more careful approach adopted by the British in the beginning of 1960 also had some impact on the other EFTA countries. As emphasized earlier EFTA's push for a Europe-wide free trade area did slowly diminish throughout 1960.

Another example illustrating US influence was the EEC Commission's acceleration-reduction proposal in February 1960 which curiously conformed with the Eisenhower administration's preferences. Records elucidating the diplomacy between the US, the EEC Commission and various EEC countries point in the direction of heavy US activity, articulating their preferences as well as suggesting alternative solutions acceptable to both the US and the EEC members. Conversations with both EEC members and EFTA members highlights the importance the Eisenhower administration placed on the acceptance of the twenty percent reduction proposal.[31] The EEC decision to make the common external tariff cut contingent on reciprocity in the GATT negotiations illustrates, on the other hand, that there were limits to US influence and US policy.

Nevertheless, in my opinion it is possible to argue that the US policy contributed largely to overcome the negative consequences perceived by the US in regard to the initial market split of 1959–60. By channelling the European trade difficulties into the Trade Committee of Twenty-One the

30 '*Europe*', memorandum from Prime Minister Macmillan to Chancellor Heatcoat-Amory, 10.12.59, T 234/717, PRO; Utne, *Brobygging dømt til å feile*, pp. 109–114.

31 Memorandum of conversation between representatives of EFTA and Dillon, 24.03.60, RG 59, Central file 375.42/3–2460, NA; Memorandum of conversation between Macmillan, Herter and Dillon, 28.03.60, RG 59, Central file 375.42/3–2860, NA; Memorandum of conversation between Edwin Martin and officials from the German embassy in Washington D.C., 30.03.60, RG 59, Central file375.42/3–3060, NA.

Eisenhower administration managed to take the lead in solving the most acute trade difficulties between the EEC and EFTA without succumbing to preferential settlements discriminating to US trade. Also, the Eisenhower administration managed to induce the EEC to agree to a large cut in their common external tariff, which would make it easier for outside countries' exports to compete on EEC's inner market. However, this did not solve the problems for the EFTA countries. That aspect seems not to have been on the US government's agenda. The United States did not intervene to solve the trade difficulties for the Europeans involved. The purpose was for the United States to overcome the possibly negative consequences of the European market split.

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