Harold Wilson, Denmark

and the Making of Labour European Policy, 1958–72

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and the Making of Labour European Policy, 1958–72

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Abbreviations

ABA	Arbejdermuseet & Arbejderbevægelsens Bibliotek og Arkiv (Danish Labour Movement Archives and Study Centre, Copenhagen)
AE	Arbejderbevægelsens Erhvervsråd (Economic Council of the Danish Labour Movement)
ARBARK	Arbeiderbevegelsens Arkiv og Bibliotek (Norwegian Labour Movement and Archive and Library, Oslo)
BLPES	British Library of Political and Economic Science, London
Bodleian	Bodleian Library Special Collections, University of Oxford
CAB	Cabinet Office
CAC	Churchill Archives Centre, Churchill College, University of Cambridge
CAP	common agricultural policy
CEID	Commission on European Integration and Disengagement
DAF	Dansk Arbejdsmandsforbund (Danish Labourers' Union)
DEA	Department of Economic Affairs
DNA	Det norske arbeiderparti (Norwegian Labour Party)
DSM	Dansk Smede- og Maskinarbejderforbund (National Union of Smiths and Machinists)
ECSC	European Coal and Steel Community
EDC	European Defence Community
EEC	European Economic Community
EFTA	European Free Trade Association
EMU	economic and monetary union
EPC	European Political Cooperation
ETU	Electrical Trade Union

FB	Folketingets Bibliotek og Arkiv (Parliamentary Library and Archive, Copenhagen)
FCO	Foreign and Commonwealth Office
FO	Foreign Office
FRUS	Foreign Relations of the United States
FTA	Free Trade Area
G10	Group of Ten
GATT	General Agreement on Tariffs and Trade
HC Deb	House of Commons Debates
IISH	International Institute for Social History, Amsterdam
JCCM	Joint Committee on the Common Market
LHA	Labour History Archive and Study Centre, Manchester
LO	Landsorganisation i Danmark (Danish Confederation of Trade Unions)
LPAR	Labour Party Annual Report
LPID	Labour Party international department
MLF	Multilateral Force
MRC	Modern Records Centre, Warwick
NAFTA	North Atlantic Free Trade Area
NATO	North Atlantic Treaty Organisation
NEC	national executive committee, Labour
Nordek	Nordiskt ekonomiskt gemenskap (Nordic economic union)
NUM	National Union of Mineworkers
OEEC	Organisation for European Economic Cooperation
PLP	parliamentary Labour Party
PREM	Prime minister's office
PSI	Partito Socialista Italiano (Italian Socialist Party)
PvdA	Partij van de Arbeid (Dutch Labour Party)
RD	Labour Party research department
SAP	Sveriges socialdemokratiska arbetareparti (Swedish Social Democratic Workers' Party)
SD	Socialdemokratiet (Social Democrats, Denmark)
SDU	Scandinavian Defence Union
SF	Socialistisk Folkeparti (Socialist People's Party, Denmark)
SFIO	Section Française de l'Internationale ouvrière (French Section of the Workers' International)
SI	Socialist International ('the International')

SPD	Sozialdemokratische Partei Deutschlands (Social Democratic Party of Germany)
SPÖ	Sozialdemokratische Partei Österreichs (Social Democratic Party of Austria)
TGWU	Transport and General Workers' Union
TNA	The National Archives, Kew
TUC	Trades Union Congress
UCL	University College London Special Collections
Uniscan	United Kingdom–Scandinavian Economic Union

Introduction

Shortly after noon on 9 November 1964, Jens Otto Krag, the Danish prime minister and leader of the Social Democrats (SD), arrived in Downing Street to meet his British Labour counterpart Harold Wilson. The gathering came at a low point in Britain's international standing. Just a fortnight earlier, faced with a balance of payments crisis, the new Labour government had chosen to impose a 15 per cent surcharge on all goods imported into Britain except food, tobacco and raw materials. The problem of course was that the surcharge breached London's obligations in the General Agreement on Tariffs and Trade (GATT). And, as Krag was at pains to stress, it also contravened the rules governing the European Free Trade Association (EFTA), the grouping of seven countries centred on Britain.[1] The Danish, for their part, were major exporters of agriculture, one of the few product types exempted from the measure. The economic effect of the surcharge was hence likely to be negligible. But this did not stop Krag from pointing out the broader political repercussions. As he drily put it in his meeting with Wilson, 'Britain was the major partner in EFTA, and one of the great attractions for the smaller countries was the prospect of an open market in Britain […] but the import surcharge had dealt a heavy blow to the whole EFTA concept'.[2] The widespread assumption that the interests of the Seven were best served by a close strategic partnership with Britain had been seriously undermined.

Such remarks were all the more powerful, and unnerving, for coming from one of Britain's closest and most steadfast European allies. That still in the 1960s the Anglo-Danish relationship was widely considered along

[1] The seven EFTA members were Austria, Britain, Denmark, Norway, Portugal, Sweden and Switzerland. Finland was an associate member from 1961.

[2] Record of conversation between Wilson and Krag, 9 November 1964, PREM 13/813, The National Archives, Kew [henceforth TNA].

these lines should not have come as a complete surprise. In terms of politics alone this was a nexus almost unrivalled in Western Europe, both countries sharing a preference for looser forms of international cooperation and free trade, intimate security and military ties and a position on Europe's geopolitical periphery.[3] Relations were most deeply shaped by economic considerations, however. Dry statistics about agricultural exports symbolise in particular quite how far Denmark was financially dependent on its larger neighbour. One of the starkest is that of the 44 per cent of foodstuffs which travelled across the North Sea in 1950, double that of Denmark's next four largest markets combined. Even as late as 1960, amid ever decreasing sales, around a quarter of all Danish exports still headed to Britain – the same figure for all six members of the European Economic Community (EEC).[4] This meant that, in the formative stages of the EEC, the relationship with Britain was a major factor in Denmark's decision to join EFTA rather than pursue membership of the Six. It also meant that in mid-1961, when Britain itself finally opted to apply to the Community, Denmark could realistically do little but emulate London, in part because it hoped to secure for itself access to the Six's increasingly valuable agricultural market but also because it wished to maintain the bonds with the United Kingdom that had become so stark a feature of modern Danish life. For a country whose own affairs were closely linked with those of Britain, the imposition of an import surcharge that weakened EFTA and in the process undermined a core pillar of Danish European policy, especially when imposed without any prior warning, was thus remarkably difficult to accept. Little wonder, then, that the value of maintaining close ties to Britain, and the whole notion of shadowing Britain's approach to the integration process, was now openly being questioned in some quarters of the Danish capital.[5]

The SD leader was not without answers. First and least surprising of the demands outlined by Krag was for the Labour government immediately to reduce the rate of the surcharge. More substantively the SD leader wasted no time in telling Wilson that EFTA ought to be strengthened

[3] On Britain's political importance to Denmark, Rasmus Mariager, '"British leadership is experienced, cool-headed and predictable": Anglo-Danish relations and the United States from the end of the Second World War to the cold war', *Scandinavian Journal of History*, 37, 2 (2012), 246–60.

[4] Background note on Danish trade, September 1968, FCO 9/280, TNA. The Six comprised Belgium, France, Italy, Luxembourg, the Netherlands and West Germany.

[5] For comments to the end, Jørgen Sevaldsen, 'Diplomatic eyes on the North: Writings by British ambassadors on Danish society', in Patrick Salmon and Tony Barrow (eds), *Britain and the Baltic: Studies in Commercial, Political and Cultural Relations 1500–2000* (Sunderland: University of Sunderland Press, 2003), 333.

beyond its rather limited industrial free trade remit to include cooperation in fields as diverse as agriculture, financial services and economic affairs. But Krag had never really disguised his belief that EFTA should be but a temporary alternative to membership of the more dynamic Community.[6] It was therefore in the medium term that he pressed for real change to come. Speaking later that same day at a Number 10 luncheon attended by fellow socialist leaders, Krag hence urged Wilson to reassess Labour's entire approach to European integration, gear British policy towards negotiating full membership of the EEC and, in the meantime, start the process of bridging the economic and political gap that existed between EFTA and the Community's six founder members. And since so many of Wilson's socialist guests either formed or were part of the governments of EFTA states, they all agreed that it would be wise to hold party-level meetings to discuss the Seven's future and the nature of its connection with the Six. Whether any of this chimed with Wilson's own thinking on the future direction of British European policy was unlikely, but at that moment he could not be seen to oppose outright a strategy that several of Labour's sister parties now appeared to support.[7]

Analysing how Labour and the SD each responded to these sorts of crises and developments in the European integration process constitutes the backbone of this study. On one level indeed the book is intended as a comparative party history, an exercise in teasing out how during times of both office and opposition the Labour and SD leaderships each reacted to the shifting dynamics of European cooperation amid a whole array of domestic and international constraints. But, given the parallel paths taken by Britain and Denmark towards the integration process, which would include a second application to the EEC in 1967 and culminate five years later with their finally joining the Community together with Ireland, the other, more novel aim of this volume is to explore the reciprocal influence of contact between the two groups as part of this broader story. Naturally the book will not ignore the numerous contacts with other socialist groups. Nor will it pretend that the Labour/SD nexus was the only or even primary alliance that counted to either party. But no apology is made for the almost exclusive focus on Labour and SD European policymaking or the attempt to highlight the specific value of the links between them. For it is the contention here that the relationship mattered rather more than is

[6] Statsministerens tale på det tyske socialdemokratis årskongres, 23 November 1964, box 144, Jens Otto Krag papers, Arbejdermuseet & Arbejderbevægelsens Bibliotek og Arkiv, Copenhagen [henceforth ABA].

[7] Record of a conversation at luncheon, 9 November 1964, PREM 13/1240, TNA; Jens Otto Krag diary, entry 20 November 1964, ABA.

often appreciated, that the SD – Krag especially – was a notable source of pressure and influence on Labour in these years, and that Copenhagen held what at times was fairly impressive sway over British European policy precisely because of the contact that existed between the two groups.

The genesis of Labour and SD European policies

The Labour and SD approaches to the early integration process were noticeably hesitant. At the 1948 Hague congress, for instance, they each expressed opposition to European federalism. In 1950, moreover, they were less than enthused about supranationalism, rejecting membership of the European Coal and Steel Community (ECSC) and underlining instead their support for the larger but less formal Organisation for European Economic Cooperation (OEEC) as the principle forum for discussing and coordinating international trade.[8] The parties' responses to the Pleven plan, meanwhile, proved that neither was prepared to see Atlantic solidarity and the security blanket provided by the North Atlantic Treaty Organization (NATO) shunned by the rather idealistic European army planned as part of the European Defence Community (EDC).[9] And when attempts were made to build on the successes of the ECSC by creating a customs union with a shared external tariff and a broader common market comprising a number of coordinated policies, neither Labour nor the SD was especially keen to sacrifice sovereignty in politically sensitive sectors deemed vital to their national economies. The two groups therefore advocated standing back and watching from afar as the Six met in Messina in June 1955 and established the EEC less than two years later.[10] Their support instead of the looser Anglo-Scandinavian alliance, Uniscan, as an economic and political alternative to the Six, and later of the British-inspired intergovernmental Free Trade Area (FTA) linking all 17 OEEC members, revealed much

[8] Schuman-planen, 31 August 1953, box 111, Arbejderbevægelsens Erhvervsråd archive [henceforth AE], ABA; *European Unity: A Statement by the National Executive Committee* (1950), copy of pamphlet in box files 328.51 (–1964), Labour History and Archives Centre, Manchester [henceforth LHA]. See also Richard T. Griffiths (ed.), *Explorations in OEEC History* (Paris: OECD, 1997); Alan Milward, *The Reconstruction of Western Europe, 1945–51* (London: Routledge, 2003); Holger Villumsen, *Det danske Socialdemokratis Europapolitik 1945–49* (Odense: Odense Universitetsforlag, 1991).

[9] Hedtoft to Krag, 22 January 1952, box 4, Krag papers, ABA; John Callaghan, *The Labour Party and Foreign Policy: A History* (London: Routledge, 2007), 189.

[10] Danmarks forhold til det europæiske kul- og stålfællesskab, 25 May 1956, box 111, AE, ABA; European Free Trade Area, 17 September 1957, national executive committee [henceforth NEC], minutes, 26 September 1957, LHA.

about Labour and SD views of continental European countries and the level of disdain for the institutions which they had created.[11]

Such postures were merely the latest example of where Labour and SD foreign policy thinking appeared to converge. The parties' shared reputations for distrust of deeper European entanglements were first forged in the 1920s and 1930s amid the less than fraternal gatherings of the Labour and Socialist International. These saw Labour, the SD and its two Scandinavian counterparts – the Swedish Socialist Democratic Workers' Party (SAP) and Norwegian Labour Party (DNA) – emerge as the staunchest opponents of any socialist body which entailed developing policy seen to interfere with national interests.[12] Similar sentiments were again on display in the late 1940s when, contrary to the wishes of French and Benelux socialists, Labour and the Scandinavians worked in unison to undermine attempts to turn the OEEC into a European political federation.[13] And when the Socialist International (SI) was institutionalised in 1951 as the primary body for cooperation among the centre-left parties of Western Europe, it was again the SD and its British and Scandinavian counterparts that together ensured resolutions were merely advisory rather than binding on its members.[14] All too quickly therefore Labour and the SD reinforced the belief that the nation state was still the principle political unit where lay the levers to achieve ambitious welfare and socio-economic programmes. And in the process these various

[11] On Uniscan, Juhana Aunesluoma, 'An elusive partnership: Europe, economic cooperation and British policy towards Scandinavia, 1949–1951', *Journal of European Integration History*, 8, 1 (2002), 103–19. On the FTA, James Ellison, *Threatening Europe: Britain and the Creation of the European Community, 1955–58* (Basingstoke: Macmillan, 2000); Wolfram Kaiser, *Using Europe, Abusing the Europeans: Britain and European Integration, 1945–63* (Basingstoke: Macmillan, 1999). Early Danish approaches to European integration are described in Thorsten Borring Olesen and Poul Villaume, *I blokopbygningens tegn 1945–1972* (Copenhagen, Gyldendal, 2006), 244–75; Peter Hansen, 'Denmark and European integration', *Cooperation and Conflict*, 4 (1969), 13–46; Gunnar P. Nielsson, 'Denmark and European integration: A small country at the crossroads' (PhD thesis, University of California, 1966); Vibeke Sørensen, 'How to become a member of a club without joining: Danish policy with respect to European sector integration schemes, 1950–57', *Scandinavian Journal of History*, 16, 2 (1991), 105–24.

[12] For an insider's view of the early Socialist International, Julius Braunthal, *Geschichte der Internationale 2* (Hanover: Dietz Nachf, 1963).

[13] Minutes of international sub-committee meeting, 20 April 1948, NEC minutes, 28 April 1948, LHA.

[14] Politisk oversigt: Foredrag holdt på 'Æblely', 15 June 1951, H.C. Hansen papers, ABA; The socialist parties and European unity, 15 August 1950, box 14, Denis Healey (international department) papers, LHA. See also Vibeke Sørensen, *Denmark's Social Democratic Government and the Marshall Plan, 1947–1950* (Copenhagen: Museum Tusculanum Press, 2001), 45–46.

examples highlighted a pattern that if repeated was likely to see Labour and the SD very much willing to work together to achieve mutually reinforcing objectives. No surprise then that Philip Noel-Baker, then chair of Labour's governing national executive committee (NEC), should note that 'the Danish Social Democrats and British socialists have the same ideals and the same methods'.[15]

The value attached to relations beyond the Six also made involvement in the integration process all but impossible for Labour and the SD to accept. That the Commonwealth held an almost spiritual significance for Labour is well known. It was after all a living entity considered highly beneficial to Britain. The import of raw materials and cheap foodstuffs like butter and cheese from New Zealand, sugar from the Caribbean, grain from Canada and beef and sheep from Australia all furnished the British worker with a much higher standard of living. So too did the preferential access to Commonwealth markets afforded to Britain's manufacturing sector. This arrangement meant that in 1949–50 around 50 per cent of Britain's entire export trade and nearly as many imports centred on Commonwealth countries, compared to just 10 per cent for all six ECSC states.[16] Commonwealth members were also important financially to Britain, holders of huge sums of sterling balances and thus vital in helping sustain the currency's international reserve status.[17] Rather more perceptible, though, was the Commonwealth's political significance. Both Labour left and right saw the relationship as central to the country's continuing great power status, an essential framework that empowered a small island nation to magnify its influence abroad. Britain's military presence 'east of Suez' in Malaysia, Singapore and the Persian Gulf was thus considered not just strategically important but carried with it an assumption of continuing British leadership on a global scale. And then there were the more entrenched ideological and cultural ties. It was of course the experience of war that did much to cement a kinship already detectable well before 1939. Many a Commonwealth country had after all helped Britain win; now they would help it secure the peace. As Labour saw things, recompense would come in the shape of 'mother country' helping not only by providing a ready market for commodity exports to less developed Commonwealth members, but also by

[15] Letter on behalf of Noel-Baker in Healey to Andersen, 18 July 1946, box 812, Social Democrat archive [henceforth SD], ABA.

[16] For the relevant statistical data, John M. Cassels, *The Sterling Area: An American Analysis* (London: Economic Cooperation Administration, 1951).

[17] See Michael Kandiah and Gillian Staerck, 'Commonwealth international financial arrangements and Britain's first application to join the EEC', in Alex May (ed.), *Britain, the Commonwealth and Europe: The Commonwealth and Britain's Applications to Join the European Communities* (Basingstoke: Palgrave Macmillan, 2001).

providing moral guidance, a model for socialist planning and much-valued reassurance in an increasingly fraught bipolar world.[18]

For the SD, meanwhile, it was Nordic solidarity that held special prominence.[19] The creation in 1949 of Scandinavian Airlines System as a joint flag carrier, the formation in 1952 of the Nordic Council with its own parliament and secretariat, and the emergence within two years of a Nordic passport union with free movement of persons and a common labour market, all contributed to the sense that Nordic cooperation, unlike the failed EDC, actually worked.[20] Still more striking was the strong emotional element of 'Nordism'. As with the Commonwealth in Britain, this was something of a catch-all phenomenon that held appeal across the political spectrum and within different sections of society.[21] It found its tangible expression in the fact that Denmark, Norway, Sweden and to a lesser extent Finland and Iceland all shared the same democratic values and parliamentary traditions, the same flavour of reformed capitalism and similar social and religious customs. That many of them endured common enemies – first Nazi Germany, later the Soviet Union – and were each important trading partners merely compounded the sense of inseparability.[22] But, for the SD, looking especially at the supremacy and success of labour movements in Sweden and Norway, such solidarity was especially potent. Social democracy, while healthy in Denmark, had always been more deeply ingrained in the other two Scandinavian states. Nordism consequently grew to become part of the SD's self-image, a device which if harnessed could help cement in Denmark both social democracy as an ideology and social democratic ideals like full employment and high social welfare.[23]

[18] *Western Europe: The Challenge of Unity* (1950), copy of article in box files 328.51 (1965–), LHA.

[19] 'Scandinavia[n]' and 'Nordic[s]' are terms not without problems, but on the whole the former is taken here to mean Denmark, Norway and Sweden while the latter includes these three countries plus Finland and Iceland.

[20] Lars Hovbakke Sørensen, 'Norden som idé og praksis: den danske Foreningen Nordens rolle som politisk-ideologisk pressionsgruppe 1945–1960', *Historie* (1996); Frantz Wendt, *Cooperation in the Nordic Countries: Achievements and Obstacles* (Stockholm: Almqvist & Wiksell, 1981).

[21] Sørensen describes Nordism as 'the partial identification with Scandinavian in terms of self-images and political and economic interests'. Vibeke Sørensen, 'The Danish Social Democrats, 1947–1963', in Griffiths, *Socialist Parties*, 181. See also Thorsten Borring Olesen (ed.), *Interdependence Versus Integration: Denmark, Scandinavia and Western Europe, 1945–1960* (Odense: Odense University Press, 1995).

[22] See Karl Christian Lammers, *Hvad skal vi gøre ved tyskerne bagefter? Det dansk-tyske forhold efter 1945* (Copenhagen: Schønberg, 2005).

[23] For a useful overview in English, see Mary Hilson, *The Nordic Model: Scandinavia since*

Not all this enthusiasm, admittedly, translated into positive results. This tendency took its most extreme form in the collapse of the Scandinavian Defence Union (SDU) negotiations of 1948–49.[24] But, even with its failure and subsequent Danish and Norwegian inclusion in NATO, it was undeniable that for many rank and file Social Democrats there was little appetite for replacing Denmark's Nordic ties with the institutional framework offered by the Six. Grassroots attachment to social democratic bastions Sweden and Norway remained much too strong, and the ideological gulf with a continental Europe largely dominated by Christian Democracy far too great, for the SD suddenly to shift its allegiances.[25]

Yet given the SDU episode it was perhaps inevitable that some in the SD would come to realise that, however politically advantageous, Nordic cooperation was unlikely ever to satisfy all of Denmark's needs. Krag was more advanced here than many of his colleagues. Speaking as early as February 1950, when still a relatively junior minister of commerce, he made clear his belief that 'Nordic co-operation may contribute positively to solving economic difficulties, but compared to the character and size of the problems, this contribution can only be supplementary, indeed only secondary'.[26] The struggles to which Krag referred centred most obviously on agricultural exports. The SD had long envisaged a transformation from a largely agrarian economy to an industrial one, no mean feat given that agriculture accounted for around 70 per cent of Denmark's exports but a wise choice nonetheless since industrial export-led growth promised a more secure long-term footing upon which to enact the party's economic and social policies. However, the unequal nature of liberalisation that became a hallmark of the OEEC – a process which exposed Denmark's weak, undeveloped industry to international competition but saw its very efficient agricultural producers come up against increasingly high tariff walls and heavily protected counterparts elsewhere in Europe – threw a proverbial spanner into the process.[27] The repercussions of this policy, including low

1945 (London: Reaktion, 2008).

[24] On the collapse of the SDU, Gerard Aalders, 'The failure of the Scandinavian defence union 1948–1949', *Scandinavian Journal of History*, 15, 1–2 (1990), 125–53. On Danish neutrality and NATO policy, Poul Villaume, *Allieret med forbehold. Danmark, NATO og den kolde krig. En studie i dansk sikkerhedspolitik 1949–1961* (Copenhagen: Eirene, 1995); Olesen and Villaume, *I blokopbygningens tegn*, 118–25.

[25] Thorsten Borring Olesen, 'Brødrefolk, men ikke våbenbrødre: diskussionerne om et skandinavisk forsvarsforbund 1948–49', *Den jyske Historiker*, 69–70 (1994).

[26] Handwritten notes for speech by Krag, 18 February 1950, box 17, Krag papers, ABA. All translations by author unless otherwise stated.

[27] Flemming Just, *Landbruget, staten og eksporten 1930–50* (Esbjerg: Sydjysk Universitetsforlag, 1992).

growth, high unemployment and recurrent balance of payments deficits, looked set to stay with Denmark for the foreseeable future. But it was the obligation that Denmark protect and nurture an embryonic industrial sector not yet capable solely of sustaining economic growth and a large welfare state while seeking new outlets for agriculture in a system as close to a free market as possible that represented the chief medium-term challenge. For this task the trading relationship with Denmark's Nordic neighbours could only ever be so effective.

A purely British solution to Denmark's economic problems was also increasingly frowned upon. Part of the problem was that for all the political affinities that existed between them, London increasingly sought to extract an unjustifiably high price for playing the role of Denmark's client-in-chief.[28] A still greater concern was the more general state of the British economy. Its growth rate may well have been in rude health over the course of the 1950s, but the United Kingdom's waning imperial status and omnipresent balance of payments difficulties fed into doubts about continued Danish economic dependence.[29] This debate was already well under way when at the end of 1951 London opted to tighten imports and Danish agricultural exports to the UK subsequently began to drop. Add to this both pre-existing concerns over the value of the OEEC and the rapidly expanding economic significance of the ECSC powers – notably West Germany – and it seemed ever more sensible for Copenhagen to focus its attention south rather than west.[30] Politically of course the British–Nordic nexus remained significant, especially among the SD base. But Denmark's financial circumstances no longer bore out the same conclusion.

The SD's return to office in September 1953 after three years in opposition wilderness hence brought with it recognition that something fundamentally had to change, implicit in two crucial decisions made by the governments of Hans Hedtoft and his successor H.C. Hansen. The first of these was more overt support for a Nordic common market. At first sight the SD's default to a Nordic option, so obviously contrary to Krag's earlier warnings, appeared a vestige of the party's old and for many still firmly held sympathies. While

[28] Bengt Nilson, 'Butter, bacon and coal: Anglo-Danish commercial relations, 1947–51', *Scandinavian Journal of History*, 13, 2 (1988), 257–77.

[29] For a discussion on British 'declinism' in this period, Jim Tomlinson, *The Politics of Decline: Understanding Postwar Britain* (Abingdon: Routledge, 2014); Jim Tomlinson, 'Inventing "decline": The falling behind of the British economy in the postwar years', *Economic History Review*, 49, 4 (1996), 731–57. On Labour's response, see Chapter 2.

[30] Exports of cattle, cheese, eggs and poultry to Germany were increasingly valuable to Danish farmers, but small-scale agricultural interests still depended on the British penchant for bacon and butter.

there was doubtless something to this, rather more substantive was that a customs union with some of Denmark's major industrial customers might act as a useful holding operation until a more favourable Europe-wide deal could be reached. The complete abolition of duties within the Nordic region could, for instance, help nourish existing industries and tease out untapped opportunities for new firms before they were later exposed to fiercer international competition. A planned Nordic investment bank, meanwhile, might help attract greater foreign investment. And an agreement incorporating technical training, information sharing and research would also strengthen Denmark's industrial workforce and improve sales, helping ease Denmark's own balance of payments deficit.[31] The belief that Nordic cooperation could make a genuine contribution to Denmark's economic recovery remained immense.

The second decision – support for the FTA – in turn reflected that only a multilateral trade framework would meet Denmark's long-term economic needs. The British market, admittedly, was still too valuable to discount completely; this, together with concerns about the impact of continental competition on Denmark's fledgling industrial sector and internal SD and trade union opposition to integrating with the Six, ruled out for the time being at least involvement in what in March 1957 became the EEC.[32] But, the FTA, publicly announced by the British Conservative government earlier in July 1956, held by contrast all sorts of benefits. An industrial trade zone comprising most Western European states would, for instance, retain the Nordic common market plans while providing Denmark unrestricted access to its two major markets – Britain and West Germany – a development vital for an economy that was both export-orientated and low tariff. There was also the chance that an industrial trade area might later be extended to include a multilateral deal in agricultural products. This would help exports of Danish foodstuffs already hindered by high tariff walls and, still more important, guard against further discrimination at the hands of the Six's anticipated common agricultural policy (CAP), a scheme set to prioritise intra-Community trade and impose an artificially high tariff on exports from third countries producers. That the FTA lacked

[31] Johnny Laursen, 'Det danske tilfælde. En studie i dansk Europapolitiks begrebsdannelse 1956–57', in Johnny Laursen, Michael Mogensen, Thorsten Borring Olesen and Søren Hein (eds), *I tradition og kaos. Festskrift til Henning Poulsen* (Aarhus: Aarhus Universitetsforlag, 2000), 238–77; Vibeke Sørensen, 'Nordic cooperation: A social democratic alternative to Europe?', in Borring Olesen, *Interdependence Versus Integration*. For a rather more negative view, Bo Stråth, *Nordic Industry and Nordic Cooperation: The Nordic Industrial Federations and the Nordic Customs Union Negotiations* (Stockholm: Almqvist & Wiksell, 1978).

[32] Jens Engberg, *I minefeltet: Træk af arbejderbevægelsens historie siden 1936* (Copenhagen: Arbejderbevægelsens Erhvervsråd, 1986), 67–68.

many of the politically more contentious features of the Treaty of Rome, including a customs union, and shared external tariff and harmonisation of economic and social policy, also made it considerably less contentious an issue for the SD rank and file. And, finally, it would provide a useful retort to those like the centre-right Agrarian Liberals (Venstre) – long the parliamentary representatives of the Agricultural Council, itself heavily influenced by landowners and proprietors of larger farms and agricultural interests – who now openly supported Denmark joining the Six's customs union negotiations even without Britain in order to secure access to the continental food market.[33] The FTA hence had the added benefit of being a stick with which the Hansen government could beat its parliamentary opponents while sustaining a link with Britain that few in the SD were yet willing to sever.[34]

That Labour emerged in favour of the FTA merely provided further encouragement.[35] In many ways this choice by leader Hugh Gaitskell and Wilson, then Labour shadow chancellor, mirrored the thinking of Conservative prime ministers Anthony Eden and, from January 1957, Harold Macmillan. In other words, the FTA was primarily a political response to dealing with the Six should their planned community either fail (as some still expected) or in fact grow into a success, in which case the FTA would help mollify a powerful entity, championed by Washington, over which London had perilously little influence but which if created would lead to a damaging division in Europe. For Labour especially, the FTA, by enveloping the budding EEC in a British-led intergovernmental framework, would also guard against the creation of European federation centred on Germany and

[33] There were four main parties in Denmark in this period. On the right were the Agrarian Liberals and Conservatives (Det Konservative Folkeparti); in the centre stood the pro-Nordic Social Liberals (Radikale Venstre) and the left was represented by the SD. Between 1957 and 1960 the SD was the main party in the so-called triangle government with the Social Liberals and the short-lived Justice Party (Danmarks Retsforbund). Neither supported EEC entry. On the Danish Agrarian Liberals, Johnny Laursen, 'Mellem fællesmarkedet og frihandelszonen. Dansk markedspolitik 1956–1958', in Birgit N. Thomsen (ed.), *Odd Man Out? Danmark og den europæiske integration 1948–1992* (Odense, Odense Universitetsforlaget 1993); Anita Lehman, 'Venstres vej til Europa – Venstres europapolitik 1945–1960', *Den jyske Historiker*, 93 (2001), 32–52.

[34] Folketingets forhandlinger, 1956–57, cols. 2413ff., 13 February 1957; Olesen and Villaume, *I blokopbygningens tegn*.

[35] In lieu of a thorough archival investigation of Labour's response to the FTA, the most detailed sources include Roger Broad, *Labour's European Dilemmas: From Bevin to Blair* (Basingstoke: Palgrave Macmillan, 2001), 32–35; Michael Newman, 'The British Labour Party', in Richard T. Griffiths (ed.), *Socialist Parties and the Question of Europe in the 1950s* (Leiden: E.J. Brill, 1993), 162–77; Simon Rippingale, 'Hugh Gaitskell, the Labour Party and foreign affairs, 1955–63' (PhD thesis, University of Plymouth, 1996), 216–20.

dominated by right-wing parties.[36] The FTA would also go some way to dealing with what a handful of Labour figures now privately, if not publicly, appeared to accept: that, post-Suez, Britain's global position and political patronage had very clearly ebbed and would continue to do so unless the country could use Europe to leverage its influence.[37] And freeing up trade with the Six was also bound to bring commercial opportunities for British firms while all the while safeguarding trade with the Commonwealth and Britain's various military, economic and political links with the USA.[38] Since like the SD the Labour leadership remained officially opposed to EEC entry – an NEC sub-committee reaffirmed in September 1957 that 'a variety of political and economic reasons' rendered membership unthinkable[39] – the FTA appeared a welcome low-cost option.

The announcement on 14 November 1958 by Jacques Soustelle, the French information minister, that Paris no longer thought it possible for the Six to join a free trade area without a common external tariff and accompanying common social and economic policies, was thus a painful hammer blow.[40] First and foremost, of course, the crisis that followed was one with which the British Conservative government was most closely associated.[41] Acceptance of the FTA by Labour and the SD had, however, also marked both parties' first major forays into the European integration process. Although based on different calculations – the SD was thinking economically, Labour chiefly politically – their support for the idea was recognition indeed that Britain and Denmark's futures were in some form inextricably bound up with the Six and that neither country could afford to be detached completely from a process that just a decade earlier they had each dismissed with remarkable ease. Amid the ashes of the FTA hence also lay the ruins of what had become the centrepieces of Labour and SD European strategies. The plan's collapse consequently marked a moment when those problems that appeared resolved by the forging of the Free Trade Area were back once again on

[36] European Free Trade Area, 26 September 1957, NEC minutes, 22 January 1957, LHA.

[37] Memo on the draft statement on the European Free Trade Area, 17 March 1957, box 3, Labour Party international department files [henceforth LPID], LHA.

[38] Hugh Gaitskell, *The Challenge of Coexistence* (Cambridge, MA: Harvard University Press, 1957), 59–62. On Labour and the United States, Peter Jones, *America and the British Labour Party: The Special Relationship at Work* (London: I.B. Tauris, 1997).

[39] Minutes of meeting, 26 September 1957, NEC minutes, 22 January 1958, LHA.

[40] For Soutelle's speech, *L'année politique 1958* (Paris: Presses universitaires de France, 1959), 482.

[41] On the Six's response to the FTA, N. Piers Ludlow, *Dealing with Britain: The Six and the First UK Application to the EEC* (Cambridge: Cambridge University Press, 1997), 26–30; Miriam Camps, *Britain and the European Community, 1955–1963* (Princeton, NJ: Princeton University Press, 1964).

the parties' agendas. And it is how Labour and the SD responded to the challenges this presented through the twists and turns that eventually led to British and Danish EEC membership 14 years later upon which the book focuses.

Existing scholarship

A study of this type, naturally, dips its toes into various historiographical waters. The first body of scholarship to which this book most obviously contributes is that focused on relations between Britain and Scandinavia. It is fair to say that in recent years there has been a proliferation of studies comparing or interconnecting Britain and its North Sea neighbours, no surprise given their long-standing mutual histories, cultural similarities and their identical location on Europe's geographic and, more often than not, political fringe.[42] Epitomising this is Patrick Salmon and Tony Insall's detailed, document-based official history of British policy towards the Nordic countries covering the last 12 months of the Second World War and the six years following it.[43] Alongside this stands a corpus of literature centred on Britain and just one Nordic state. Especially pertinent here are those studies exploring the various political, cultural and economic ties with Denmark.[44] Important too are those works focused on British–Norwegian links.[45] Various facets of Anglo-Swedish and Anglo-Finnish ties have likewise received attention.[46] And still more relevant are the numerous

[42] For a flavour of this history, Patrick Salmon, *Scandinavia and the Great Powers, 1890–1940* (Cambridge: Cambridge University Press, 2007). On British views of Scandinavian, Glen O'Hara, 'The intellectuals' ideal: British views of Scandinavia in the 1950s and 1960s', in Jan Eivind Myhre (ed.), *Intellectuals in the Public Sphere in Britain and Norway after World War II* (Oslo: Unipub, 2008).

[43] Tony Insall and Patrick Salmon (eds), *The Nordic Countries: From War to Cold War, 1944–1951* (London: Routledge, 2011).

[44] The most notable include Jørgen Sevaldsen (ed.), *Britain and Denmark: Political, Economic and Cultural Relations in the 19th and 20th Centuries* (Copenhagen, Museum Tusculanum Press, 2003); Rasmus Mariager, *I tillid og varm sympati: Dansk-britiske forbindelser og USA under den tidlige kolde krig* (Copenhagen: Museum Tusculanum forlag, 2006).

[45] Recent examples include Peter Fjågesund and Ruth A. Symes, *The Northern Utopia: British Perceptions of Norway in the Nineteenth Century* (Amsterdam: Rodopi, 2003); Helge Ø. Pharo and Patrick Salmon (eds), *Britain and Norway: Special Relationships* (Oslo: Akademika Forlag, 2012).

[46] On Sweden, Juhana Aunesluoma, *Britain, Sweden and the Cold War, 1945–54: Understanding Neutrality* (Basingstoke: Palgrave Macmillan, 2003); Christer Jorgensen, *The Anglo-Swedish Alliance against Napoleonic France* (Basingstoke: Palgrave Macmillan, 2004); Natasha Vall, *Cities in Decline? A Comparative History of Malmö and Newcastle after 1945* (Malmö: Malmö University Press, 2007). On Finland, Juhana Aunesluoma (ed.), *From War*

books that depart from a national focus and explore instead the left in these countries, the most noted examples being Hilson's and Hinnfors' pairwise comparisons of the British and Swedish socialist parties in the late nineteenth and early twentieth centuries[47] and the identical efforts of Insall and Redvaldsen but for Labour and the DNA.[48]

All this means that we now have a pretty decent understanding of Britain's ties with the Nordic region. And this collection of work is likewise testament that it makes great sense to study British and Danish actors in parallel. But the literature remains patchy. After all, Britain and Denmark were unique in facing the same demands of European unity in cognisance of each other. No other countries confronted all those key episodes which this book will assess, whether the collapse of the FTA and its aftermath, the emergence of EFTA in 1959–60, the prospect of full EEC membership in the first and second applications of 1961–63 and 1967 respectively, the 18 months separating the second breakdown and de Gaulle's April 1969 retirement, or the third, successful set of negotiations that dominated 1970–72. After the first EEC enlargement of 1 January 1973 Denmark was indeed the only Nordic state to match Britain's foreign policy alignment as a member of both NATO and the EEC. Even Norway and Sweden were in an entirely different position, the former always a reticent latecomer to the European integration party – its first EEC application was delivered to Brussels over nine months after the British and Danish bid and reflected a distinct set of economic and political circumstances – and the latter still more reserved towards Brussels out of concern for its neutrality. It is hence no surprise that when Britain and Denmark joined the Community alongside Ireland they did so without either Oslo or Stockholm in tow.[49] And yet what work there is bringing together Britain and Denmark under

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to Cold War: Anglo–Finnish Relations in the Twentieth Century (Helsinki: Suomalaisen Kirjallisuuden Seura, 2005); Juhana Aunesluoma, 'A Nordic country with East European problems: British views of post-war Finland, 1944–1948', *Scandinavian Journal of History*, 37, 2 (2012), 230–45; Kimmo Rentola, 'Great Britain and the Soviet threat in Finland, 1944–1951', *Scandinavian Journal of History*, 37, 2 (2012), 171–84.

47 Mary Hilson, Political Change and the Rise of Labour in Comparative Perspective: Britain and Sweden 1890–1920 (Lund, Nordic Academic Press, 2006); Jonas Hinnfors, *Reinterpreting Social Democracy: A History of Stability in the British Labour Party and the Swedish Social Democratic Party* (Manchester: Manchester University Press, 2006).

48 Tony Insall, Haakon Lie, *Denis Healey and the Making of an Anglo-Norwegian Special Relationship* (Oslo: Unipub, 2010); David Redvaldsen, *The Labour Party in Britain and Norway: Elections and the Pursuit of Power between the World Wars* (London: I.B. Tauris, 2011).

49 On the DNA and Europe, Hans Otto Frøland, 'DNA og Vest-Europa 1945–95: kontakter, samarbeid og utsyn', in Knut Heidar and Lars Svåsand (eds), *Partier uten grenser?* (Oslo: Tano Aschehoug, 1997). On the SAP in a comparative perspective, Maria Gussarsson, *En socialdemokratisk europapolitik. Den svenska socialdemokratins hållning till de*

the theme of European integration is confined to a handful of chapters in edited collections which while useful do not provide anywhere near a detailed reconstruction of events.[50] Taking the shared story of the British and Danish paths to Community membership as a starting point is therefore to add a genuinely fresh but also logical contribution to existing accounts.

The second body of literature to which this book contributes is that related to the specific responses of Labour and the SD to this wider integration story.[51] The European policies of both parties have not exactly been short of historical attention. One rich crop of writing has opted for a party political approach, prioritising the groups' conflicting ideologies, management of internal divides and pluralist power structures as factors in shaping their respective strategies.[52] The bulk of the second group meanwhile tends to fall into a category sometimes disparagingly referred to as 'traditional' diplomatic history; that is, the analysis of international and political relations within a national context. This method lays emphasis on 'high' politics and the role of official diplomats in determining how Labour and the SD reacted to the European integration process as governments rather than parties per se.[53]

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brittiska, västtyska och franska broderpartierna, och upprättandet av ett västeuropeiskt ekonomiskt samarbete, 1955–58 (Stockholm: Santérus förlag, 2001).

[50] The best examples are those chapters in Sevaldsen, *Britain and Denmark*.

[51] Socialist parties are taken to mean those on the centre-left. For a detailed definition, see Dionyssis Dimitrakopoulos, 'Social democracy, European integration and preference formation', in Dionyssis Dimitrakopoulos (ed.), *Social Democracy and European Integration: The Politics of Preference Formation* (London and New York: Routledge, 2011), 2.

[52] In Labour's case, see, for instance, Broad, *Labour's European Dilemmas*; Hussein Kassim, 'The Labour Party and European integration: An awkward relationship', in Dimitrakopoulos, *Social Democracy*; Uwe Kitzinger, *The Second Try: Labour and the EEC* (Oxford: Pergamon, 1968); Robert J. Lieber, *British Politics and European Unity: Parties, Elites and Pressure Groups* (Berkeley, CA: University of California Press, 1970), part III; Lynton J. Robins, *The Reluctant Party: Labour and the EEC, 1961–75* (Ormskirk: G.W. & A. Hesketh, 1979). On the SD, Mette-Astrid Jessen, 'Den svære begyndelse: Socialdemokratiet og Europa 1945–1950', *Den jyske Historiker* 93 (2001), 12–31; Engberg, *I minefeltet*; Morten Rasmussen, 'Medlem med forbehold: Socialdemokratiet og De europæiske Fællesskaber 1945–1973', in Sebastian Lang-Jensen and Karen Steller Bjerregaard (eds), *Arbejderbevægelsen, venstrefløjen og Europa 1945–2005* (Copenhagen: Selskabet til Forskning i Arbejderbevægelsens Historie, 2009).

[53] On Denmark, Hans Branner, 'Danmarks europæiske dilemmaer 1945–73', in Hans Branner (ed.), *Danmark i en større verden: Udenrigspolitikken efter 1945* (Copenhagen: Columbus, 1995); Olesen and Villaume, *I blokopbygningens tegn*; Jens Christensen, 'Danmark, Norden og EF 1963–72', in Thomsen, *Odd Man Out*. On Britain, see below and Miriam Camps, *European Unification in the Sixties: From the Veto to the Crisis* (New York: McGraw-Hill, 1967); Daniel Furby, 'The revival and success of Britain's second application for membership of the European Community, 1968–71' (PhD thesis, Queen Mary, University of London, 2010); Melissa Pine, *Harold Wilson and Europe: Pursuing Britain's Membership of the*

The present volume owes a considerable debt to this work. Noteworthy is that by Helen Parr, whose welcomed revisionist critique of Labour European policy in the first three years of the 1964–70 governments argues variously that Wilson was a good deal more rational in his strategic approach to membership than often given credit, that as prime minister he soon came genuinely to appreciate that Britain's interests lay in a closer relationship with the Community, and that by the middle of 1966, if not before, the Labour leadership's support for full EEC membership had crystallised to the point that in May 1967 it eventually launched Britain's second membership bid.[54] Meanwhile, Johnny Laursen's highly accessible government-centred chapters on SD European policy around the time of the 1961 and 1967 applications go some way to revealing quite how Krag fared in managing a party strongly opposed to the Community while inching Denmark ever closer to Brussels.[55] And this is complemented by a host of shorter studies exploring the internal SD divisions that so clearly shaped the October 1972 referendum campaign.[56] But important gaps remain. There is, for instance, no detailed archival study of the Labour Party prior to the 1961 application. And yet, as we shall see, the years between the collapse of the FTA in 1958 and the launch of the first application to the EEC three years later was in fact a formative period, crucial if we are to understand the policy developments of the 1960s and beyond.[57] Nor does there yet exist a sufficient examination of

European Communities (London: I.B. Tauris, 2007). The recent work by Stephen Wall, *The Official History of Britain and the European Community*, vol. 2: *From Rejection to Referendum, 1963–1975* (Abingdon: Routledge, 2012), while covering both Labour and Conservative governments, could also fall into this category.

[54] Helen Parr, *Britain's Policy towards the European Community: Harold Wilson and Britain's World Role, 1964–7* (London: Routledge, 2006).

[55] Johnny Laursen, 'Next in line: Denmark and the EEC challenge', in Richard T. Griffiths and Stuart Ward (eds), *Courting the Common Market: The First Attempt to Enlarge the European Community, 1961–1963* (London: Lothian Foundation Press, 1996); Johnny Laursen, 'Denmark, Scandinavia and the second attempt to enlarge the EEC, 1966–67', in Wilfred Loth (ed.), *Crises and Compromises: The European Project, 1963–1969* (Baden-Baden: Nomos, 2001).

[56] Anette Berentzen, 'Socialdemokratiets EF-debat 1971–72' (MA thesis, University of Odense, 1994); Lars Rønn Jensen, 'Socialdemokratiets markedspolitik 1970–1972 med særligt henblik på de indre brydninger i partiet' (MA thesis, Aarhus University, 1982); Morten Rasmussen, 'Ivar Nørgaards mareridt – Socialdemokratiet og den økonomiske og monetære union 1970–72', *Den jyske Historiker*, 93 (2001), 73–95; Morten Rasmussen, 'The hesitant European: History of Denmark's accession to the European Communities, 1970–73', *Journal of European Integration History*, 11, 2 (2005), 47–74.

[57] One exception is Peter Catterall's useful study, 'Foreign and Commonwealth policy in opposition: The Labour Party', in Wolfram Kaiser and Gillian Staerck (eds), *British Foreign Policy, 1955–64: Contracting Options* (Basingstoke: Palgrave Macmillan 2000), although as just

SD policy between the two bids and in particular how Krag sought to tackle the EFTA/EEC divide in the months following the January 1963 veto, highlighted in Chapter 2 of this book as a crucial moment for both Labour–SD and Anglo-Danish relations. And in both cases there is still no thorough, archival-based study of Labour or SD European policy spanning a broader timeframe.[58] Quite how their policies evolved over the *longue durée* is thus something that remains uncertain. This book should start to plug some of these lacunae.

Finally, a detailed study comparing and intersecting Labour and SD policies will complement the literature concerned more broadly with methodological approaches to the study of European integration history. This is a field that has undoubtedly become rather more adventurous of late.[59] But, as the above attests, a good deal of research remains doggedly national in tone, fixated with the domestic sphere or the actions and inactions of central government. Analysis may well stretch variously to include individuals, relations with different interest groups and political parties or the interaction between two or more branches of government, but the focus remains squarely on the politics of a single nation. A notable, and welcome, exception to this rule has been the fairly ample sub-field of labour history that has compared side by side the development of party European policies. Such efforts started in earnest in 1988 with Kevin Featherstone's masterly study of 12 separate socialist groups.[60] Richard Griffiths' edited collection made rather better

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one chapter covering all aspects of foreign policy it is by implication short on detail when it comes to European integration.

[58] Morten Rasmussen's mammoth study does admittedly provide context for Danish European policy stretching back to the 1950s, but is concerned more with explaining *government* rather than *party* actions. Its chief focus on the 1970–72 membership bid, meanwhile, suggests there is still room for a broader study of SD policy. See Morten Rasmussen, 'Joining the European Communities: Denmark's road to EC membership, 1961–1973' (PhD thesis, European University Institute, Florence, 2004). Both Broad's *Labour's European Dilemmas* and Robins' *The Reluctant Party* do cover a wider timeframe, but rely almost exclusively on a handful of biographies and first-hand accounts rather than archival material as a source base. One recent study covers 1960–73, although as is explained below this is somewhat problematic. See Kristian Steinnes, *The British Labour Party, Transnational Influences and European Community Membership, 1960–1973* (Stuttgart: Franz Steiner Verlag, 2014).

[59] On the trends in European integration historiography, Wolfram Kaiser and Antonio Varsori (eds), *European Union History: Themes and Debates* (Basingstoke: Palgrave Macmillan, 2010). For a study of European integration from a comparative perspective, Wolfram Kaiser and Jürgen Elvert (eds), *European Union Enlargement: A Comparative History* (London: Routledge, 2004).

[60] Kevin Featherstone, *Socialist Parties and European Integration: A Comparative History* (Manchester: Manchester University Press, 1988).

use of (then) recently released archival material to shine a light on socialist parties and how they handled the question of European integration in the 1950s, with individual chapters covering the French, German, Italian, Dutch, Belgian, Austrian, Spanish, British and three Scandinavian groups.[61] Still more recent is Dionyssis Dimitrakopoulos' very valuable compilation that compares the European strategies of five European social democratic parties but places considerably more emphasis on understanding preference formation and the ideas, institutions and interests that lay behind it.[62] And then there are the host of books and articles variously likening developments in the European policy of the left in Britain and France, Britain and Norway and, most usefully, Britain and Denmark.[63]

As with the historiography referenced above, however, this comparative work tends to reaffirm rather than make porous national boundaries. Too few scholars have by contrast fully grappled with the fact that the links that first materialised between Labour and the SD in the interwar period, and resurfaced in the aftermath of the Second World War, survived well into and beyond the 1950s, and that this connection grew only more central to how the parties each approached the world around them and met the challenges of the European integration process and the crises and opportunities it presented. Those seeking better to understand exactly how the European policies of either party was actually made must therefore not only understand that national contexts in which the groups operated but also take rather more seriously the existence and influence of ties in the space between them.[64]

This is not, to be clear, the same as proclaiming that all can be discerned simply by studying 'transnational' networks.[65] Certainly, and

[61] Griffiths, *Socialist Parties*.

[62] Dimitrakopoulos, *Social Democracy*.

[63] On the left in Britain and France, Michael Newman, *Socialism and European Unity: The Dilemma of the Left in Britain and France* (London: Hurst, 1983). In Britain and Norway, Robert Geyer, *The Uncertain Union: British and Norwegian Social Democrats in an Integrating Europe* (Aldershot: Ashgate, 1997). In Britain and Denmark, Jens Henrik Haahr, *Looking to Europe: The EC Policies of the British Labour Party and the Danish Social Democrats* (Aarhus: Aarhus University Press, 1993).

[64] This goes some way to meeting the clarion call in Jan Rüger, 'OXO: Or, the challenges of transnational history', *European History Quarterly*, 40, 4 (2010), 656–68. One possible exception is the insightful two-volume biography of Krag by Bo Lidegaard. However, neither really shows the two-way interaction between Labour and the SD. See Bo Lidegaard, *Jens Otto Krag I, 1914–1961* (Copenhagen: Gyldendal, 2001) and *Jens Otto Krag II, 1962–1978* (Copenhagen: Gyldendal, 2002).

[65] The term 'transnational' is itself problematic, see Patricia Clavin, 'Defining transnationalism', *Contemporary European History*, 14, 4 (2005), 421–39. David Thelen probably gets somewhere close when talking of 'interactions, exchanges, constructions and translations

in many ways quite rightly, historians have felt it necessary to shine a light on the manifold flows and interactions between political actors across their own national borders. Christian Democratic networks, for example, probably played a role in the birth and evolution of supranational European institutions.[66] Others go so far as to say that transnational socialism explains what domestic archives seemingly cannot: that both Gaitskell and Wilson were far more positive about EEC membership by virtue of their being 'integrated' into political networks, that they each grew convinced that 'the Community [was] an adequate arena in which socialist policies and economic planning could be maximised', and in turn supposedly each supported EEC membership far earlier because of various exchanges with other socialist groups.[67] But, as fascinating and overdue as such studies undoubtedly are, and important indeed for reminding us that *something* of significance was happening beyond national borders, they can throw up as many problems as they do solutions. For one, the question of impact is left to linger. Political parties may well have similar interests and regularly be in touch with one another, but this leaves the historian prone to exaggeration – existence, after all, does not equate to significance – and reveals little about what David Reynolds has called the 'life and death' decisions made by politicians.[68] Nor, still more pointedly, has transnational-themed research been able adequately to square the existence of cross-border contact with the resilience of national interest and attachment to sovereignty.[69] Given the continuing power of the nation and nationalism after 1945, as indeed today, a study of transnational networks alone does not therefore suffice to explain all the decisions and actions taken by a particular group back in their respective domestic realms.[70]

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that people made as they engaged each other across national borders'. See David Thelen, 'The nation and beyond: Transnational perspectives on United States history', *Journal of American History*, 86, 3 (1999), 965–75, here 973.

[66] Wolfram Kaiser, *Christian Democracy and the Origins of the European Union* (Cambridge: Cambridge University Press, 2007).

[67] Steinnes, *British Labour Party*, 194.

[68] David Reynolds, *From World War to Cold War: Churchill, Roosevelt, and the International History of the 1940s* (Oxford: Oxford University Press, 2006), 351.

[69] On the 'transnational turn' and European integration, a short but very insightful introduction comes from Anne Deighton, 'Introduction', *Journal of European Integration History*, 19, 2 (2013), 187–88.

[70] For an excellent discussion on this point, Jessica Reinisch, 'Introduction: Agents of internationalism', *Contemporary European History*, 25, 2 (2016), 196–205.

What it is to argue, however, is that Labour and SD European policy-making was an increasingly complex, multi-layered process that saw cross-border socialist party links become a sort of informal diplomatic channel for the parties during times of both office and opposition. National interests and circumstances doubtless remained central, but issues of state power politics were increasingly being played out at an international level where compromise and liaising with, and lobbying and learning from, likeminded groups grew to be part and parcel of how they each responded to European political developments. To understand more fully the evolution of Labour and SD European policy it is hence necessary to operate at several interrelated levels: first, that of a comparative vantage point to understand the national and international context of party policymaking and why political actors may initially have sought cross-border cooperation; second, at the transnational level to ascertain the form and outcome of this interaction; and third, back at the domestic level, to comprehend the impact and implications of cross-border networking.

A multinational source base

From a practical viewpoint, this is all made possible by combining archival research from Britain, Denmark and further afield. Four specific sets of sources constitute the basis of the analysis that follows. The first is the files of the parties themselves: Labour's collection at the Labour History Archive and Study Centre in Manchester and the SD's records held at the Danish Labour Movement Archive (ABA) in Copenhagen. Both contained a wealth of material, notably memos and documents from Labour's international and research departments, the minutes of the Labour NEC and parliamentary party (PLP), and the records of the SD's 11-member executive committee (forretningsudvalget) and larger management committee (hovedbestyrelse). Together these provided the bulk of information detailing early internal policy debates on European matters, subsequent tactics and approaches, and the ensuing interdepartmental and top-level political discussions that peppered the years under review.

It is, however, a second set of sources, namely, the personal papers of those key individuals closely involved in party policymaking, which proved most useful. A full list is included at the back of this book, but foremost among them are the papers of Wilson and George Brown at the Bodleian Library, Oxford, Gaitskell's papers housed at University College London's special collections and Krag's huge volume of papers interned at the ABA. The SD leader's highly revealing personal diary, also held in Copenhagen, was likewise consulted thanks to the kind permission granted to me by Henning Grelle. Of course, these all contained photocopies of various official party

records and duplicates of government documents found elsewhere. But it is the summaries of conferences and conversations, often confined to history days or even hours after the event, the hastily written bullet points jotted on the back of agendas for international colloquiums, and the handwritten scrawl – Gaitskell's absent-minded doodles, Wilson's barely legible green ink memos, Krag's still more difficult to decipher prose – on the edge of reports and files, that often gave the best glimpse into the innermost thoughts and feelings of the Labour and SD leaderships and the nature and content of the bilateral talks between them.

Of similar value were the records of the Socialist International preserved at the International Institute for Social History (IISH) in Amsterdam. These comprised a useful if incomplete bunch of minutes from various socialist party meetings, including the informal contact committee first mentioned at the December 1958 Brussels gathering of socialist parties designed to coordinate an initial response to the FTA collapse. The painstaking trawl of minutes indeed helped flesh out what exactly was discussed at numerous SI summits, a task that preceded heading back to the domestic level to understand quite what were the lasting implications of such conferences. Amid the SI collection too were the copious notes, reports and letters belonging to Albert Carthy, the International's general secretary between 1957 and 1969, who clearly had the ear of many a centre-left leader and whose files reveal the degree, frequency and significance of exchanges. The files of Sicco Mansholt, the EEC's agricultural commissioner who would come to play a part in Labour's pre-negotiations ahead of the 1967 application, housed at the IISH were also consulted.

Lastly there were the documents of the British and Danish national archives. Although primarily useful as a source to determine internal policy debates while the parties were in government, the prime ministers' offices of both countries also had a habit of taking minutes of meetings even if Wilson and Krag were wearing their party hats rather than when acting in an official government capacity. This makes them an essential complement to party documents. Both foreign ministries' penchant for speculating as to the attitude of an opposing government and where their policy was likely to progress next, alongside the Foreign Office in London's yearly reviews of the troubles and travails of Danish politics and political parties, was also particularly helpful in providing a context often missing in other collections.

Supplementing these four principle collections are the records of the Trade Unions Congress (TUC) at the Moderns Records Centre, Warwick, and the Danish equivalent, the Danish Trade Union Confederation (LO) at the ABA. This book is not primarily concerned with trade unions – a matter addressed in more detail in the conclusion – but the two national

centres were meticulous record-keepers and as a resource often helped fill the at times far too frequent gap in party documentation. Likewise, for the reasons outlined above this book does not stretch to include a comprehensive study of the DNA's European policy. But few parties were better at retaining the minutes of the Europe-level meetings than the Norwegian one; the party's records thus helped fill holes that existed elsewhere. Meanwhile, the SD parliamentary group meetings, the records of which are based at the Danish parliament (Folketing), served the still more significant purpose of revealing details of meetings among the party's MPs. Vital also were the papers of the Economic Council of the Labour Movement (AE) located at the ABA. As the mouthpiece of Danish trade unions, the AE always maintained close links with or had direct access to the SD leadership and the party's parliamentarians. Its frequent analysis of the European question thus offered a candid snapshot of centre-left thinking. And beyond the normal if vital reliance on an array of Danish and British newspaper cuttings and the transcripts of parliamentary proceedings, are passing references to correspondence with several key political operators. The author was particularly fortunate to receive detailed replies to a lengthy question sheet from (Lord) Bernard Donoughue, (Lord) Tom McNally, Joe Haines and the late Denis Healey. But it is perhaps the two tape recordings sent by Tony Benn that the author will most cherish, even if the hour-long meanderings do little more than repeat what had already been put to paper by Benn himself. His diaries and a host of other memoirs have thus also been utilised to colour and contextualise the official record.

By adopting this multinational, multiarchival approach the aim here is not to present a detailed study of every aspect of Labour and SD European policy. The comprehensive nature of this account, covering as it does the development of both parties' European policies and the existence and impact of interaction between them over a 14-year stretch, means that depth has had to be sacrificed to breadth. Key issues like the factors behind Wilson's supposed 'turn' to the Community in 1965–66, the minutiae of Labour and SD policy in the aftermath of the 1967 application, the Soames affair of February 1969 and the entangled decisions that led to the Danish EEC referendum of 2 October 1972, do not therefore receive the same level of attention here as they do elsewhere. But this blend of domestic and cross-border policymaking does start to provide a more nuanced understanding of how domestic and transnational party politics intertwined and came ultimately to shape British and Danish responses to the European integration process.

Structure of the book

To show best such developments, the study is organised in chronological fashion. The opening empirical chapter will first briefly recall the Six's own response to the collapse of the FTA negotiations and the subsequent strategy pursued by the British government which, through the emergence of both EFTA and the EEC as two distinct units, led to the economic and political separation of Western Europe. Second, the various counter-initiatives to the FTA proffered by Labour and the SD during 1959, as debated at both a national level and a European level, will be studied. And third, there will be an examination of party policies as they developed during 1960, starting with a passive acceptance of EFTA as an option of last resort, followed quickly by the recognition by parts of the SD and Labour elite that EEC membership ought to be given serious consideration, and ending in late 1960 with signs of mounting internal division over possible Community accession.

Chapter 2 picks up the story in January 1961 and extends its coverage to the eve of Labour's general electoral victory later in October 1964. After reviewing the burgeoning disagreements within both Labour and the SD over EEC entry in the months leading to the 1961 bid, it will focus on the efforts of the SD leadership between July 1961 and October 1962 to negotiate membership with Brussels while seeking to manage an ever more divided party. It will also show how and why in this same period the Labour leadership's hitherto relatively balanced assessment of Community membership slowly came undone, an evolution that culminated in Gaitskell's infamous October 1962 'thousand years of history' conference speech. The latter part of the chapter will then concentrate on the aftermath of the January 1963 veto, notably the twin issues of possible isolated Danish accession to the Six and the European policy of new Labour leader Harold Wilson. In so doing, this part will discuss a recurrent theme of the book, that is, how the SD used its links with the Labour Party in a bid to secure changes to the shape and tone of Britain's relationship with the continent.

Chapter 3 will highlight both the obvious limitations and marked successes of this strategy as Labour moved into office. Taking the surcharge crisis as its starting point, it will explain in greater detail why the SD responded negatively to the policy of the new Wilson government and how throughout the winter and spring of 1964–65 Krag and his team set about not only to reduce the surcharge but also to transform the issue into a much more fundamental debate about the future of EFTA and the nature of its ties with the Community. It will then explore the oft-discussed bridge-building initiative that emerged in early 1965 in part precisely because of this discussion, before exploring what meetings between Krag and Wilson

at the end of 1965 can tell us about the exact timing of Labour's warming to the idea of a second EEC bid. The final part of the chapter will address relations between the two parties in the first half of 1966, a period which for the SD at least began with high hopes of an imminent British bid but, much to the consternation of Krag, ended with disappointment over a lack of clarity emanating from London about the nature of Britain's future relationship with the Six.

The build-up to the second application, eventually launched by Wilson in May 1967, is the subject of Chapter 4. Despite the Labour landslide general election victory in March 1966 and public protestations to the contrary, by June 1966 very little progress towards a second British membership bid appeared to have been made. The chapter will delineate several factors – not least the July sterling crisis – that are already acknowledged as having helped change this state of affairs. But it will also explore how a possible lone Scandinavian application for EEC entry, a policy pursued with some enthusiasm by the SD leader, further encouraged the Wilson government to review its still reluctant European stance. Attention will subsequently turn to the decision by Wilson, publicly announced in November 1966, to 'probe' the Six as to whether the conditions for entry existed, with a focus on the internal Labour and SD responses to this manoeuvre. An exploration of how and when the probe translated into the decision formally to apply to join the EEC, and the various party political tussles that took place as the Labour and SD governments each prepared the ground to lodge their applications in Brussels, will close the chapter.

Chapter 5 will then study the 18-month period following the submission of the second British and Danish membership bids. French president Charles de Gaulle indicated already on 16 May 1967 that enlargement would most likely severely test the workings and stability of the EEC; six months later, in yet another press conference, he eventually confirmed his intention to veto accession for a second time. The opening section of the chapter will logically therefore focus on the public reactions of the Labour and SD leaderships to the veto, which in both cases saw Britain and Denmark refuse to accept French actions. But the second half of the chapter will also explore the private frustrations of the SD at the perceived failure of a Danish bid seen to have little to do with Copenhagen and instead far more to do with the geopolitical rivalry that existed between London and Paris. It will similarly concentrate on the discussions that took place within the Labour Party about quite how wise it was to continue to pursue Community membership when, with de Gaulle at the helm, British exclusion seemed all but assured. The chapter will in other words not only expose the divergent ideas to the post-veto period championed *within* each of the parties, but will also

highlight, and discuss the significance of, the growing policy gulf that grew *between* the two groups.

Entitled 'the road to enlargement', the last empirical chapter follows the evolution of Labour and SD European policy from January 1969 through to the Danish EEC referendum of October 1972. It will pay attention variously to the fallout from de Gaulle's resignation in April 1969, the subsequent election of Georges Pompidou to the French presidency in June 1969, and Six's December 1969 summit in The Hague following which enlargement was once again top of the Community agenda. The idea of a Nordic alternative to a British-led EEC application, introduced in the previous chapter, monopolised this period for the SD, although in reality the party had less chance of altering Denmark's European course given its dismal showing in the January 1968 general election and swift return to opposition. While Labour responded to The Hague conference by putting in place the necessary measures to resurrect its failed membership bid, it too soon found it itself back on the opposition benches. The negotiations for EEC entry that commenced in mid-1970 were therefore conducted without either a Labour or SD government in charge. But this chapter will demonstrate how concerns over a 'Nordic detour' still managed to colour relations between the two parties for most of 1969–71. It will then discuss in some detail how, with London and Copenhagen having secured accession, the party leaderships each handled the months prior to Community enlargement amid ever deeper internal divisions, before finally revealing how relations between Wilson and Krag proved crucial for both leaders in the weeks immediately before the Danish referendum.

A concluding chapter will then briefly surmise the findings from these six chapters before offering some broader lessons that come from a study of Labour and SD European policy between 1958 and 1972. One relates to how at a very early stage the two groups viewed with far greater composure and foresight both cooperation among the Six and the plausibility and sustainability of alternative 'models' or 'frameworks' of cooperation beyond the supranational EEC. Another reminds us that the European integration process was not distinct from but rather intimately linked with broader developments in the cold war. Most significant, however, are those points which analyse the close relationship between Labour and the SD and the mechanisms through which this relationship was fostered. The conclusion reached is that Anglo-Danish relations were rather important amid the broader mix of European politics in the 'long' 1960s. As a 'small' state, Denmark was not confined simply to follow Britain but actively to challenge British policy, engage in British politics and confront British policymakers – and ties between the two centre-left groups was a particularly apt vehicle through which to exert such pressure. In much the same way, Britain found

it could not simply ignore the wishes or whims of a country with fewer than 5 million people. As Labour quickly learnt, the relationship with the SD was hence crucial if it hoped to access information about Danish, Nordic and European politics and manage relations with its North Sea neighbour. For both Harold Wilson and Jens Otto Krag, the relationship, at times uneasy, was crucial to their general approach to European affairs. The significance of this nexus to the premiership of both men is thus also discussed in the concluding pages.

1

Facing Europe: November 1958–December 1960

Neither Labour nor the SD was under any illusion that a free trade area would easily be accepted by the French. As early as March 1958, the Labour national executive had concluded that Paris was unlikely to take the FTA seriously now the Community was fully operational.[1] These doubts were only strengthened when in June de Gaulle returned to power and soon made clear French support for the EEC.[2] It took just over a month, until a meeting of the NEC on 21 July, for Labour formally to conclude that the FTA negotiations were now far more likely than not to collapse.[3] Jens Otto Krag meanwhile accurately captured the mood of impending defeat in a meeting of Nordic governments in late September. Western European states, Krag recognised, faced 'changing conditions' now de Gaulle occupied the Élysée Palace, and it was unclear if the FTA proposal would survive them.[4]

Despite these gloomy assessments, in the months preceding Soustelle's press conference, neither party was yet ready to abandon its support of the free trade plan. It helped of course that Labour and the SD each continued officially to rule out membership of the nascent EEC. Without much else by way of an alternative European policy it therefore made logical sense publicly to support the FTA while allowing matters to take their course. It also helped that failure of the negotiations, while expected, appeared by

[1] Note on the European Free Trade Area, 5 March 1958, NEC minutes, 26 March 1958, LHA. The Treaty of Rome was signed in March 1957 and the EEC began operation on 1 January 1958.

[2] On French attitudes, Laurent Warlouzet, 'De Gaulle as a father of Europe: The unpredictability of the FTA's failure and the EEC's success (1956–58)', *Contemporary European History*, 20, 4 (2011), 428–32.

[3] Minutes of European cooperation sub-committee meeting, 21 July 1958, NEC minutes, 25 September 1958, LHA.

[4] Protokol for den nordisk samarbejdskomiteens møde i København, 29 September 1958, box 330, SD, ABA.

no means certain. The SD government had in fact been encouraged by a somewhat abstract agreement on tariffs submitted in mid-March by Guido Carli, the Italian minister for foreign trade, seen as proof that EEC members did remain eager to achieve progress on a Europe-wide trade area.[5] And as late as 5 November Krag indicated that he was still hopeful that Britain and France, always the two dominant actors in the negotiations, would reach a compromise.[6] But far more important than either of these aspects was that both Labour and the SD remained genuinely supportive of the FTA in and of itself. The mixture of expected economic benefits offered by a Europe-wide trade area and the political advantages of a solution based on the intergovernmental OEEC that had first made the FTA desirable in mid-1956, remained as attractive in late 1958. No other framework could come close to meeting the various political and economic requirements of the two groups.[7]

Expected or not, Soustelle's announcement that the FTA was unfeasible therefore posed a serious challenge to the two parties. The opening half of this chapter must hence focus on the initial fallout of the FTA plan. By way of setting the scene it seeks first to explain the Six's own response to Soustelle's intervention and the reasons behind the British government's swift decision to pursue a largely inferior consolation prize in the form of EFTA. It will then go on to analyse how Labour and SD themselves responded, both individually and in partnership, to the emerging political and economic division of Western Europe. As should become clear, the leaderships of both groups were in fact far more sceptical of an organisation restricted to the seven EFTA countries than is often assumed. Little wonder, then, that debates about workable alternatives to both the wider FTA and smaller EFTA would dominate party thinking and Labour-SD relations already at the close of 1958 and for much of the following year.

So obvious were its limitations that well before the Stockholm Convention establishing EFTA was initialled later in November 1959 the British government had itself accepted that a narrower bloc was an impractical long-term solution for Britain. The latter portion of this chapter must consequently examine how the SD and Labour each dealt with the growing clamour for Community enlargement during the course of the 1960s. Such were the changed circumstances of the period that both groups were at first remarkably balanced in their assessment of the potential benefits and likely

[5] Europæiske markedsforhandlinger, undated, box 21, Krag papers, ABA. On British reactions, Ellison, *Threatening Europe*, 189–90.

[6] Udkast til udenrigsministeren taler til British Import Union, 5 November 1958, box 55, Krag papers, ABA.

[7] Lidegaard, *Jens Otto Krag I,* 645ff.

drawbacks of EEC accession. There were, moreover, initially few indications of disagreement in either party about the virtues of British and Danish entry. But beneath this seeming consensus that membership was an attractive proposition also lurked doubts about whether Community enlargement was achievable or viable. The year would thus end on a rather disquieting note for both groups, with signs that the unity that had prevailed for much of 1960 was unlikely to spill into 1961.

Reacting to the French veto

Continental reaction to Soustelle's press conference was divided along expected lines. Ludwig Erhard, the Anglophile German economic minister, long wary of Bonn's participation in the integration process without Britain, met the French decision with evident dismay.[8] The pro-British government of Dutch premier Willem Drees was equally discontented.[9] Ernst van der Beugel, the Dutch undersecretary for foreign affairs, even courted American political support to help resuscitate the negotiations.[10] That he met resistance owed much to Washington's view that it was the framework of the EEC which could best achieve economic prosperity and political stability on the continent. Unsurprisingly, the European Commission was equally adamant that the free trade area could not be allowed to undermine the integrity of the Community. Its first president, Walter Hallstein, therefore stood firmly at the other end of the scale to Erhard and The Hague, likening the FTA to the weighty boat built by Robinson Crusoe: 'a fine vessel, if it could once be launched, but very difficult to get down to the water'.[11] Alongside Brussels was the Italian government of Amintore Fanfani, which had never shown much interest in the British free trade proposal.[12] And with them stood Konrad Adenauer, the West German chancellor, who in a meeting with de Gaulle on 26 November agreed that the FTA posed a danger to

[8] Martin P.C. Shaad, 'Bonn between London and Paris', in Jeremy Noakes, Peter Wende and Jonathan Wright (eds), *Britain and Germany in Europe, 1949–1990* (Oxford: Oxford University Press, 2002), 69–77.

[9] Mathieu Segers, 'De Gaulle's race to the bottom: The Netherlands, France and the interwoven problems of British EEC membership and European political union, 1958–1963', *Contemporary European History*, 19, 2 (2010), 111–32.

[10] Record of conversation between acting secretary and Ernst van der Beugel, 21 November 1958, document no. 40, *Foreign Relations of the United States* (FRUS), 1959–60, vol. 7 (Washington, DC: Government Printing Office, 1993), 77–80.

[11] Transcript of Hallstein speech, 19 February 1960, available at http://aei.pitt.edu/14950/1/S124.pdf (last accessed 26 April 2015).

[12] Francesca Fauri, 'Italy and the Free Trade Area negotiations 1956–58', *Journal of European Integration History*, 4, 2 (1998), 47–66.

the nascent EEC.[13] Fortunately for enthusiasts of the British plan, the two men also concluded that the Commission be asked to study future relations between the Six and the rest of Europe, giving last-ditch hope to those who still supported a multilateral trade bloc.[14] And in the following months the Benelux states would also make various attempts to revive discussions between Britain and the Community. But throughout this time there was never really any doubt that the FTA negotiations would not in themselves be resuscitated. Given the choice of rooting for the British or securing their own futures, all six Community states very quickly resumed business as usual.[15]

For those outside of the EEC, news of France's actions was altogether more alarming. Many countries had devoted considerable time and energy to ensuring that a Europe restricted to a small but powerful clique of six continental states did not become a reality. Not only did the French rejection of the FTA therefore bring to nothing more than 18 months of intensive talks, but it also caused fears quickly to surface about a politically significant but economically protectionist bloc emerging at the heart of Western Europe from which those on the periphery stood to be excluded. Nowhere, however, was the sense of disappointment more deeply felt than in London, even if the visit to London on 6 November by Maurice Couve de Murville – during which the French foreign minister all but confirmed Paris's intention to torpedo the FTA – meant a public announcement of some kind had not been unexpected.[16] The Macmillan government's subsequent objectives were twofold. First, it sought to avoid discrimination against British exports, a goal given greater urgency since from 1 January 1959 the Six would adopt a full complement of external quota and tariff restrictions. Second, London hoped to establish some type of alternative framework that would allow Britain and the other non-EEC powers to access the increasingly prized Community market and exert even a modicum of political control. The decision not to adopt retaliatory measures against the Six, to agree to the partial convertibility of sterling with the French franc, the German mark and other OEEC currencies, and later to adopt a transitional agreement that partially extended the Community's tariff cuts to other OEEC states, went some way to meeting this first priority. But it remained to be seen quite whether the British government would achieve its second and far more significant objective.

[13] Alan Milward, *The United Kingdom and the European Community*, vol. 1: *The Rise and Fall of a National Strategy, 1945–1963* (London: Frank Cass, 2003), 313.

[14] Camps, *Britain and the European Community*, 184.

[15] Gérard Bossuat, 'The choice of "la petite Europe" by France, 1957–1963': An ambition for France and for Europe', in Griffiths and Ward, *Courting the Common Market*, 65–66.

[16] Record of talks with M. Couve de Murville, 6 November 1958, FO 371/134513, TNA.

Already by late November it seemed that, short of joining the EEC itself, the only solution was the creation of a narrower trading bloc comprising Austria, Britain, Denmark, Norway, Sweden and Switzerland, dubbed the 'outer six' and later the 'outer seven' with Portugal's adherence.[17] As far as London was concerned, a smaller unit along these lines held several benefits. For a start, it would be relatively easy to establish since a group centred on Britain and the Scandinavians would closely replicate the earlier Uniscan framework. It also helped that any alliance consisting of the valued Scandinavian markets would of itself be economically beneficial to British industry. A seven-member grouping would furthermore help reduce the chances of any seepage of other Western European states to the Six. And most important of all, a narrower trading bloc might well become a future possible route to the Six should Britain decide ever to apply to join the EEC.[18] Few were therefore surprised when just a fortnight later Britain brought together the 'outer seven' in Geneva to discuss the way forward. There, on 1 December, they declared that enough common ground existed for a narrower trade area to be a realistic option.[19] The division of Europe into two competing economic blocs, it seemed, was now all but a certainty.

How did the Labour and the SD leaderships respond to all of this? Certainly the SD's difficulties with an 'outer seven' FTA are well documented. As Vibeke Sørensen rather aptly showed, the SD government never considered a seven-member bloc 'a workable strategy for Danish market policies. Although in ideological and political terms EFTA was preferable to the EEC, the government was convinced of the necessity of opening the continental European market for Danish agricultural exports'.[20] Such analysis is, though, surely partial. After all, the SD leadership did not respond to the creation of EFTA in a vacuum but would do so alongside other socialist groups. Less well understood is Labour's response. The historiography, if it bothers to cover the period at all, has tended to characterise the party's policy as somewhat lethargic. Frustration with the collapse of the FTA negotiations, so the story goes, translated into inactivity at the political level and caused the party to all but ignore the European issue for the two next years, blindly accepting EFTA membership later in 1959 but otherwise showing little interest until the eve of the 1961 application.[21] But, by glossing over the months between the November FTA breakdown

[17] Mødet den 13–14 November 1958, box 49, Krag papers, ABA.

[18] Ellison, *Threatening Europe*, 216.

[19] McKean minute, 12 December 1958, T 234/205, TNA.

[20] Sørensen, 'Danish Social Democrats', 195.

[21] Rippingale, 'Hugh Gaitskell', 20–21. See also Newman, 'The British Labour Party', and

and the creation of EFTA nearly a year later, historians rather overlook a rather formative period in Labour policymaking. Quite how both parties met the challenge of the French veto hence merits further consideration.

To be sure, the Labour and SD view of a smaller free trade area was hostile from the start. Opposition sprang in part from a shared belief that France's veto was not in fact final and, if it were, that a smaller trade bloc would simply make permanent the emerging split in Europe.[22] Labour, for its part, also saw dangers in a fragmented European market where British industrial goods would meet the Community's tariff barrier. So too did it express concern about a trade war breaking out between the two sides. Compared to its Conservative counterpart the Labour leadership was consequently unwilling at this stage to show any hint of flexibility on European affairs by accepting a smaller trade zone.[23]

Membership of a narrower FTA would create a host of additional problems for the SD. The most basic of these was that a smaller bloc was likely to exclude free trade in agriculture, this at a time when sales of foodstuffs still accounted for nearly half of all Danish exports. A still greater source of concern was the still declining significance of the British market for traditional agricultural products like bacon and butter, and indeed the stagnating share of exports taken by EFTA states as a whole (see Table 1.1). It was not unreasonable to expect this trend might be offset by increased trade with the Germans – already well on its way to becoming the pre-eminent economic and political power in Western Europe – and the increasingly economically vibrant Community market more generally. Certainly, goods like cheese, cattle and eggs were directed ever more to West Germany, while sales of veal and beef were gradually more dependent on trade with Italy. But there were already signs that the first steps taken by the Six progressively to abolish duties on quotas within the EEC were hurting Danish exports. While the Six's agricultural policy did not exactly promise to be a free trade system, the 'Community first' structure that was eventually to emerge from the CAP settlement of 1962 suggested that Danish agriculturalists would continue to lose out to important EEC competitors in France, Belgium and the Netherlands. The German and Italians markets for foodstuffs might even be lost for a generation (see Figure 1.1). This meant that even if agricultural products were included in a seven-member alliance, the need to

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Steinnes, *British Labour Party*, 33–57, both of which suggest Labour interest in European integration did not pick up again until at least 1960.

[22] Olesen and Villaume, *I blokopbygningens tegn*, 423–36; 'Note on the Common Market and the Free Trade Area', 28 April 1959, box 3, LPID, LHA.

[23] Minutes of joint meeting of finance and economic policy sub-committee and European cooperation sub-committee, 25 November 1958, NEC minutes, 26 November 1958, LHA.

Table 1.1: Destination of Danish exports, 1946–55

Year	Britain	Germany*	Sweden	Norway	USA	other
			(percentage)			
1946	32	5	11	6	3	43
1947	27	1	9	5	4	54
1948	30	1	8	6	5	50
1949	44	7	5	5	3	36
1950	42	17	6	4	3	28
1951	38	13	5	4	3	37
1952	39	12	5	4	5	35
1953	40	11	5	3	7	34
1954	37	13	7	4	7	32
1955	34	17	7	4	7	31

Source: Hans Christian Johansen, Dansk økonomisk statistik 1814–1980 (Copenhagen: Gyldendal, 1985), 209–10.
* From 1947, Germany refers to West Germany only.

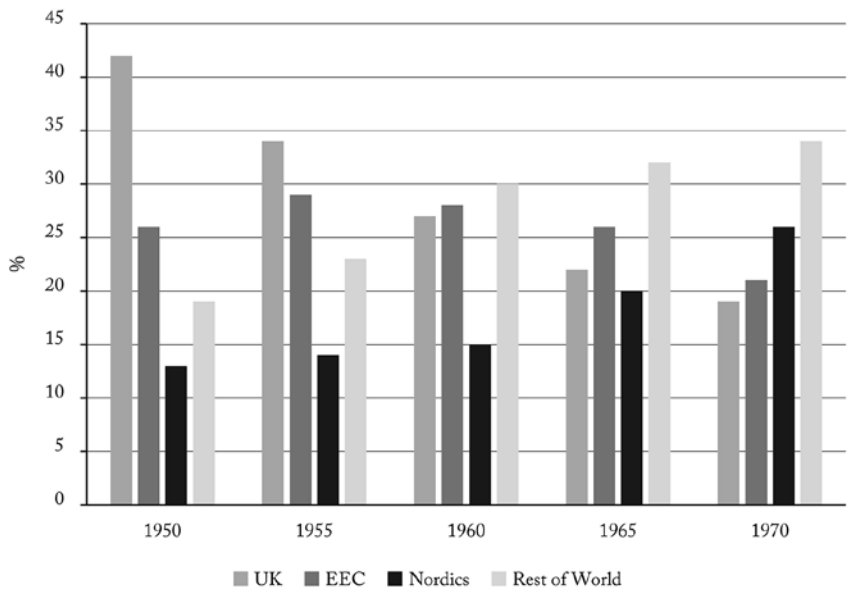

Figure 1.1: Destination of Danish exports, 1950–70

Source: United Nations, *Yearbook of International Trade Statistics* (New York: United Nations, various years, 1953–1971).

bring Britain and the Six together as part of one organisation like the EEC remained paramount.[24]

Agriculturalists doubtless agonised over such facts, but the SD leadership itself recognised the problems with this trend. Especially traumatic would be the impact on the SD's plan to modernise the economy, since declining agricultural sales would only exacerbate the balance of payments problems and therefore limit the import of capital goods for industry needed to help modernise the economy. That Denmark's weak industrial sector was, in the short term, at least, unlikely to make up for any drop in agricultural sales since it was still based largely on small, newly established industries that remained vastly undeveloped and thus vulnerable to competition from more efficient European competitors, made this problem especially acute. The net effect of all this was potentially immense. With fewer exports there would be both fewer jobs and a fall in tax revenue, while the much-promised modernisation of the sector would falter almost before it had begun and the SD's commitment to building an extensive welfare state and full employment would in turn also suffer.[25] The 'outer seven' would be the worst of all economic worlds for agriculturalists, industrialists and socialists alike.

The widespread frustration with a smaller trade unit was accentuated by deep-seated concerns about the possible security fallout of a Six/non-Six split. It was perhaps an unfortunate coincidence of history that Soustelle's press conference came just four days after Nikita Khrushchev, in his role as Soviet first secretary, declared that Moscow intended to terminate the four-power occupation of Berlin. This was confirmed on 27 November when in an altogether more draconian letter the Russian leader not only demanded withdrawal in six months but also urged that a unified Berlin become a 'free city'. The warning, if not, was that Moscow would sign a unilateral agreement with East Berlin, effectively handing it access rights to the western half of the city.[26] The ensuing crisis, which would extend from the November ultimatum to the building of the Berlin Wall in August 1961, transformed the FTA issue for Labour and the SD. The link was perhaps best summed up in a speech Krag would later deliver to the

[24] Bidrag til statsministerens samtale med premierminister Macmillan: Det lille frihandelsområde, 1959, box 54, Krag papers, ABA; Udkast til udenrigsministerens artikel, undated but probably December 1958, box 49, Krag papers, ABA; *Socialdemokratiske Noter*, 18 November 1959.

[25] Paldam to Hansen, 9 July 1959, box 155, AE, ABA; Olesen and Villaume, *I blokopbygningens tegn*, 423–36.

[26] Hope M. Harrison, *Driving the Soviets up the Wall: Soviet-East German Relations, 1953–1961* (Princeton, NJ: Princeton University Press, 2003), 105ff.; Kitty Newman, *Macmillan, Khrushchev and the Berlin Crisis, 1958–1960* (Abingdon: Routledge, 2007), chap. 1.

Council of Foreign Relations in New York. Strategically, he made clear, it was of vital importance to secure one wider trade bloc encompassing both EEC and EFTA states, simply because the opposite would be the creation of two competing economic organisations engaged in a vicious trade war. And such a process could threaten the cohesion of the Atlantic Alliance, exacerbate the increasingly tense cold war divide and, in so doing, undermine the entire basis of European security.[27] Wilson put it rather more pithily, explaining that disappointment over the FTA could potentially 'spill over into the political field and undermine NATO', with Western Europe's weakness merely playing into the hands of the East.[28] The parties' European policies were increasingly being framed in cold war terms.

The crucial issue, however, was that at this stage neither group had any real idea about what might provide a better alternative.[29] This goes some way to explaining why Labour was so reticent to criticise the government's handling of the project. A Commons debate on 17 November even offered the rare glimpse of Wilson praising Reginald Maudling, the paymaster general and Britain's chief FTA negotiator, for his 'patience in these very long drawn out negotiations, not least at times when he has had to face almost intolerable behaviour from some of the countries with whom he has been dealing'.[30] The same held true for the SD. Krag was quick to acknowledge the value of the moribund FTA.[31] And Hansen would similarly comment that 'for Denmark there is no satisfactory alternative to an all-European solution'.[32] But, short of securing a last-minute commercial deal with Bonn – designed to safeguard existing agricultural exports to Germany for at least three years after the introduction of the Community's tariff restrictions – the SD too had little to offer by way of a route out of the impasse caused by France's veto.[33] All of this admittedly did not stop the SD government from participating in the December Geneva talks about an 'outer' trade group. But even

[27] Udkast til udenrigsministerens tale i Council of Foreign Relations i New York, 1 April 1959, box 59, Krag papers, ABA.

[28] Conference of the Socialist International on the European Free Trade Area held in Brussels, 19 March 1959, box 672, SD, ABA.

[29] Minutes of joint sub-committee meeting, 25 November 1958, NEC minutes, 25 November 1958, LHA.

[30] *Hansard*, House of Commons Debates [henceforth HC Deb], 17 November 1958, vol. 595, col. 846.

[31] Mødet den 13–14 November 1958, box 49, Krag papers, ABA.

[32] *Berlingske Tidende*, 14 May 1959.

[33] Notat vedrørende forlængelsen af den dansk-tyske vareudvekslingsaftale, 22 December 1958, box 53, Krag papers, ABA. See also Birgit Nüchel Thomsen, 'Danmarks vej til Europa 1957–1961', in Thomsen, *Odd Man Out*, 119.

then its presence did not imply support for a seven-member FTA. On the contrary, SD participation emerged partly out of concern that Denmark would find herself completely isolated in Europe, and partly because it offered Copenhagen an opportunity to push the British government into striking a compromise deal with the French. The fundamental aim of replacing the FTA with something other than a small trade organisation had thus not disappeared.[34]

As the end of 1958 approached, the key question for both groups was therefore what they could each do best to secure a new FTA-type plan and prevent a smaller trade area from gaining momentum. Perhaps the most enticing opportunity in this regard was a meeting of socialist parties, scheduled to take place in Brussels on 16–17 December, to discuss the fallout from the French veto. Despite all that was at stake, however, it was not immediately obvious whether either party would choose to participate. A particular problem was that Labour and the SD each saw as largely incompatible their views of European integration with those of most other socialist groups. Writing to the SI secretary general Albert Carthy, SD vice-chair Alsing Andersen explained that for the SD this fact alone meant that it could 'not help still being *very* sceptical [about a meeting], because our parties have no common line in foreign policy and are not likely to have any even after the highest summit conference'.[35] Gaitskell, for his part, doubted at first whether a meeting of socialist parties would even achieve much.[36] A series of additional developments therefore probably played a part in the decision of the two groups to travel to Brussels.

The first and most straightforward of these was simply that there was pressure from other socialist groups to meet. Already during the summer of 1958 several party leaders had questioned whether European socialists ought to reassess together the future of the integration process. The most vocal of these was Bruno Pittermann, the Austrian vice-chancellor and leader of the Austrian Social Democratic Party (SPÖ), who called for a 'frank exchange of views' between socialist groups in order to 'assist all concerned in clarifying and defining policy' towards the flagging FTA.[37] In light of Soustelle's press conference, Pittermann's initiative quickly gained traction. Support came from various quarters, including Guy Mollet, the leader of the French socialist party (SFIO) and former French premier, Erich Ollenhauer of the German Social Democrats (SPD), Drees, who as well as the Dutch

[34] Udkast til bidrag til udenrigsministerens nytårsartikel i 'Verdens Gang', December 1958, box 62, Krag papers, ABA.

[35] Andersen to Carthy, 14 August 1958, box 673, SD, ABA (original emphasis).

[36] Suggested meeting of leading socialists, 14 November 1958, box 673, SD, ABA.

[37] Carthy to Andersen, 30 July 1958, box 673, SD, ABA.

premier was leader of the Dutch Labour Party (PvdA), and even the SAP and DNA.[38] Both Labour and the SD therefore became aware very quickly that it would be difficult to exclude themselves from a gathering at which so many of their European, and in the SD's case Scandinavian, counterparts would be present.

The second, arguably more pressing, reason for travelling to Brussels, especially so for Labour, was the belief that a party conference would offer a chance to lobby other socialist groups. In the days after Soustelle's announcement Labour displayed an extraordinary degree of foresight when it concluded that several countries (Denmark and Austria were mentioned specifically) might be tempted to loosen their ties with the United Kingdom and instead join the Community. As Wilson readily acknowledged in a meeting of the NEC on 25 November, any attempt by other members of the OEEC to join the Six would only marginalise Britain in Europe and weaken its broader influence. He therefore argued that at the Brussels meeting Labour's 'emphasis should be on private discussions' with other parties in the hope of repelling the economic magnetism of the Community and maintaining a united front against France.[39]

From the vantage point of late 1958 this was not such an unrealistic calculation. There had already been some discussion in Vienna about whether Austria would be better off joining the Six now the FTA had collapsed.[40] Copenhagen, however, was considered the more problematic case. As we saw in the introduction, the FTA held all sorts of benefits for Denmark, both political and economic, not least in helping secure access to the export market of the Six. But this commitment had always been accompanied by the clause that, should Britain fail to reach a solution in the framework of the OEEC, isolated membership of the EEC was a possible alternative route for Denmark to take.[41] By the end of 1958 this basic premise had not changed. The wider labour movement, it is certainly true, expressed disquiet at the prospect of Denmark acceding to the Community. And the SD's governing partner, the Radicals, likewise insisted that Denmark should maintain close economic ties with Britain. But Danish large-scale farmers and the two principal centre-right groups in Denmark – the Agrarian Liberals and the Conservatives – all to varying degrees now advocated Danish accession to

[38] Suggested meeting of leading socialists, 14 November 1958, box 673, SD, ABA.

[39] Minutes of joint sub-committee meeting, 25 November 1958, NEC minutes, 17 December 1958, LHA.

[40] On Austrian policy, Henrich Schneider, *Alleingang nach Brüssel. Österreichs EG-politik* (Bonn: Europa-Union Verlag, 1990), 61–64.

[41] A policy based on Krag's assumption that Denmark would be allowed to join the EEC if it applied. See Samtale med Maudling i London, 13 January 1958, box 47, Krag papers, ABA.

the EEC in order to compensate for the loss of traditional markets in Britain by securing instead access to the Six's agricultural market. So intense was opposition pressure on the SD that Denmark, according to a report by the SAP at least, was 'now on the verge of joining the Common Market in order to salvage its agricultural export interests'.[42] For Labour, it followed that a party meeting could help mitigate this trend and safeguard wider British interests in the process.

Equally important for the SD was that a Nordic common market was now also unlikely to be established. The SD government had in fact shown a good deal more interest in the plan over the summer of 1958, encouraged especially by the possibility that a unified Nordic bloc could help secure greater concessions from other OEEC countries. But the proposal had always been most attractive as a staging post from which to negotiate a much broader Europe-wide industrial and agricultural deal. While it would admittedly be another seven months before Nordic governments officially shelved the option, the reality therefore was that France's veto had sealed the fate not only of the FTA but the Nordic project also.[43] Given that two central features of the SD's European policy strategy were now all but in tatters, a meeting of socialist parties to discuss ideas for an alternative trade arrangement in Europe had never before seemed so timely.

The Brussels meeting

It was hence amid an atmosphere of widespread uncertainty and heightened expectation that British and Danish socialists travelled to Brussels to meet with their European counterparts. Neither group was at risk of being lonely, with Wilson and John Clark of Labour's international department, and Andersen and the then vice-chair of the SD parliamentary group, Per Hækkerup, attending alongside representatives of the Austrian, Dutch, French, German, Italian, Norwegian, Swedish and Swiss socialist groups and the Community's agricultural commissioner and PvdA politician Sicco Mansholt. With the inclusion of so many individuals with such varying interpretations of European integration, Labour and the SD might quite reasonably have expected to achieve little from their participation at the two-day conference. Certainly the communiqué that emerged was as remarkable for its brevity as it was for its equivocation, offering limited analysis of the French veto other than to acknowledge the 'difficulties involved' in finding a solution to the FTA breakdown and noting that

[42] Hammarling to Carthy, 15 December 1958, box 584, Socialist International archive [henceforth SI], International Institute for Social History, Amsterdam [henceforth IISH].

[43] Laursen, 'Mellem fællesmarkedet og frihandelszonen', 80–82.

European countries ought 'to increase their economic solidarity'.[44] Upon closer inspection, however, the results of the Brussels gathering become rather more mixed.

At the positive extreme, the parties agreed that a smaller free trade association of the 'outer seven' was not even an acceptable short-term alternative to the FTA. As Wilson best put it, any organisation composed of 'the United Kingdom, Austria, the three Nordic countries and Switzerland […] would definitely be a second best, a *faute de mieux* which would give institutional recognition to the economic division of Europe'. This in itself was a significant conclusion given that groups like the SD, the SAP and DNA were each at the governmental level engaged in discussions for the possible creation of a smaller trade zone. And for Gunnar Lange, a leading figure in the SAP and Sweden's trade minister, this conclusion was all the more essential since a 'common stand' on the matter would in his opinion 'help to create a climate favourable to negotiation' and make 'a substantial contribution towards the solution of the dilemma in which the OEEC found itself'.[45] It was a quixotic belief perhaps, but the fact that socialist parties had reached a consensus on the problems of the 'outer seven' was perceived by the groups themselves to be an important way of influencing governments to reach a compromise on an all-European solution.

This constructive spirit was further underscored when Andersen appeared to confirm that the SD would not launch an isolated Danish application to the EEC. Andersen referenced as much in his opening remarks when he noted that joining the Community would be of little economic benefit since the Six would themselves probably suffer from the French veto. The SD, Andersen insisted, would thus instead seek to 'maintain OEEC unity' by pressing for negotiations on the FTA to reopen.[46] Whether this strand of thinking came as a result of the influence borne by Labour cannot be known with any certainty. But it is not unlikely that Wilson's 'private discussions' played at least some role. What we do know for sure is the speech was enough to ease Labour suspicion about a possible Danish bid for EEC entry.[47] And it is also the case that the SD did continue publicly to pursue a strategy that was designed to unite the OEEC around the FTA plan, demonstrating the veracity of Andersen's claims in Brussels.[48]

[44] Resolution on the European Free Trade Area, box 672, SD, ABA.

[45] Notes from Conference of the Socialist International on the European Free Trade Area, 19 March 1959, box 672, SD, ABA.

[46] Notes on chair's address in Brussels, undated, box 584, SI, IISH.

[47] Minutes of joint sub-committee meeting, 22 January 1959, NEC minutes, 25 February 1959, LHA.

[48] Udkast til bidrag til udenrigsministerens nytårsartikel i 'Verdens Gang', December 1958, box 62, Krag papers, ABA.

Having concluded that an 'outer' grouping was unworkable, several party delegates went on openly to consider how best to overcome the current impasse. It soon became clear, however, that a commitment against the creation of a smaller free trade area would not translate automatically into more substantial ideas about how to overcome the Six/non-Six divide. Several proposals were put forward, but each was highly parochial in scope and reflected individual national – or, in Mansholt's case, institutional – views about the FTA and the future of the integration process. From the SFIO hence came intimation that it much preferred the Community to the FTA, accompanied by a more familiar French theme that a revised free trade area would have to include agriculture if it were to be successfully negotiated. The SPD representative, meanwhile, sought to emphasise the importance of the EEC to West Germans and urged the non-Six states to mirror the policies of the Community if they hoped to avoid an institutional split. And Mansholt, ever the pro-Brussels advocate, insisted that the 'outer seven' ought to consider abandoning the Maudling negotiating structure altogether and establish instead a new framework in which they would consult directly with the Commission rather than each of the individual Community member states.[49] What the SD and Labour both hoped would be a wide-ranging and timely discussion about how to bring various European countries back to the negotiating table thus instead became one where little more than abstract ideas were formulated, none of which were likely to provide an overarching solution to the ongoing stalemate.

Despite or perhaps because of this, each of the parties did agree to an idea put forward by Albert Carthy for the formation of a committee focused squarely on European integration and possible substitute proposals to the FTA. At its heart was the desire to establish an informal procedure whereby the various parties could meet sporadically, in private, and all the while maintain written correspondence with a view of monitoring progress in the integration process. In justifying the creation of the committee, Carthy would later speak of the need to find a common 'socialist formula' to the European impasse.[50] But beneath such sentiments was clearly an acceptance that little substantive progress had been made in Brussels. While the groups had succeeded in establishing common ground on the tentative smaller trade area, when it came to the more central question about what might replace it Labour and the SD were left wanting. As 1958 made way for 1959, the real value of cross-border socialist contact in helping overcome the integration deadlock remained to be seen.

[49] Notes from Socialist International conference, 19 March 1959, box 672, SD, ABA.
[50] Carthy to Krag, 3 March 1960, box 585, SI, IISH.

Back to the drawing board

Precisely because little headway had been made in Brussels, Labour and the SD were left to search for themselves a solution that would bridge the still discernible gap between the Six and the remaining OEEC states. The opening weeks of 1959 indeed saw a flurry of ideas emerge as the two parties sought to devise a political way out of the continuing split in Europe.

Labour's attention focused on three main alternatives. First was the suggestion to establish some kind of organisation consisting of those countries in the OEEC not already members of the Community.[51] Of all the schemes, however, a slightly larger version of the 'outer seven' was deemed by the party to be the least ambitious solution – and without the inclusion of the EEC almost worthless. Second was what Wilson referred to as a 'Commonwealth economic relationship', where the existing Commonwealth preference would be complemented by a new second tier extending to both the EEC and OEEC.[52] Third was a plan centred on expanding the Commonwealth preference to include the three Scandinavian states. Were this to happen, Danish, Norwegian and Swedish exports to the UK would be treated as equal to those from Australia, Canada and New Zealand with regard to import duties. The preference could even later extend to include the Six and other European states, creating one multi-continent trade bloc with Britain at its heart.[53]

The argument in favour of any option focused on the Commonwealth was temptingly simple. A two-tier system would expand trade opportunities for OEEC states and all the while allow Britain to keep importing cheap food from the Commonwealth, the latter of which would itself gain from an expansion of trade in Europe. More crucially for Labour, this sort of agreement could help bolster London's influence in the Commonwealth at a time when – as Labour itself readily acknowledged – far less importance was being attached to Britain by its former dominions.[54] And a bloc linking Britain, the Commonwealth and Scandinavia would have additional political advantages, not least strengthening Britain's bargaining position with the Community in any future trade negotiations.[55] For Labour there

[51] Minutes of joint sub-committee meeting, 22 January 1959, NEC minutes, 25 February 1959, LHA.

[52] Secretary's supplementary report, February 1959, NEC minutes, 25 February 1959, LHA.

[53] Minutes of joint sub-committee meeting, 9 February 1959, box 63, NEC sub-committee uncatalogued misc. documents, LHA.

[54] Note by Balogh, January 1959, box 584, SI, IISH.

[55] Minutes of joint sub-committee meeting, 22 January 1959, NEC minutes, 25 February 1959, LHA.

was hence much to be gained from including the Commonwealth in any solution to Western Europe's political and economic turmoil.

The SD's ideas about what constituted the most appropriate way to overcome the European deadlock were noticeably different. The first and least controversial of its proposals was to press ahead with a Nordic common market. From the perspective of the SD leadership there was still great merit in a Nordic solution, if only because there remained considerable ideological and political support for the idea from within the Danish labour movement.[56] But, as had been the case with the Scandinavian defence union before it, agreement was again shown to be all but impossible. One problem was that, unlike for Denmark, the idea of a seven-member FTA posed relatively few economic difficulties for Norway and Sweden, both of which relied far more on the British rather than continental market. Neither country was thus in any rush to find an alternative to an 'outer seven' trade grouping.[57] This, together with Oslo's insistence that if a Nordic bloc was to include agricultural trade it would have to be subject to a transitional period of at least five years, effectively ended the idea of reviving a Nordic bloc almost as soon as it had been proposed.[58]

Like Labour, the SD's proposals were therefore whittled down to two main alternatives. One was a Scandinavian–Benelux trade pact similar to the FTA but on a smaller scale. This would have the advantage of demonstrating that it was possible to establish economic links across the Six/non-Six divide and, it was hoped, would help encourage a settlement between France and Britain.[59] Were this to fail, the SD would turn to another, certainly more contentious idea: Danish association with the Six. Association would necessarily involve some sort of provisional arrangement being made for intra-Scandinavian trade so that exports to Norway and especially Sweden were not affected. And it would likewise require Denmark to offer London temporary tariff quotas on items deemed important to British exporters. But nothing would disguise Copenhagen's belief that it was the Six that

[56] Program for De samvirkende Fagforbunds konference om markedsplanerne 19 og 20 februar 1959, box 89, AE, ABA; Paldam to Hansen, 9 July 1959, box 155, AE, ABA.

[57] The literature on Norwegian and Swedish policy is extensive, but a good starting point is Sieglinde Gstöhl, *Reluctant Europeans: Norway, Sweden and Switzerland in the Process of Integration* (Boulder, CO: Lynne Rienner Publishers, 2002).

[58] Program for De samvirkende Fagforbunds konference om markedsplanerne, 19 og 20 februar 1959, box 89, AE, ABA; Problemer til overvejelse, box 155, AE, ABA. See also Mikael af Malmborg, *Den Ståndaktiga Nationalstaten: Sverige och den Västeuropeiska Integrationen 1945–1959* (Lund: Lund University Press, 1994), 348ff.

[59] Notits ved. Krags samtaler med den norske og den svenske handelsminister under den nordisk arbejderbevægelses samarbejdskomités møde i Stockholm, 22 March 1959, box 54, Krag papers, ABA.

now represented Europe's most significant economy and, going forward, Denmark's most important agricultural market. If confirmed, Denmark would therefore adopt the Community's tariffs and access its agricultural market while retaining many of its existing trade links with Britain, Norway and Sweden.[60] On paper at least, Denmark could only gain from such a development.

If these alternatives demonstrated quite how opposed were the two groups to membership of the 'outer seven', they also revealed how divergent were their views about what ought to replace it and the FTA. For while the SD hoped to pursue a broad European solution through the framework of the EEC, Labour wanted to do so by eschewing it almost completely. This was highly significant, since the very tone of these proposals was the first of several hints that the SD leadership's European strategy was growing decidedly less negative to the idea of EEC membership than that of its British counterpart. Danish socialists were not quite yet ready publicly to endorse a bid for full membership of the Community. But the degree to which SD and Labour thinking now differed was nevertheless striking.

Further confirmation of quite how disparate were the approaches being pursued came when, on the back of the plan for Danish association of the Community, several SD ministers stated publicly and for the very first time that EEC membership of some sort might indeed become necessary.[61] If this was nothing more than testing the political waters, the SD leadership did also continue in the meantime privately to explore the virtues of a Scandinavian–Benelux trade pact. In late March, for instance, Krag spoke to the SAP and DNA trade ministers and secured the support of both parties for a Scandinavian–Benelux trade bloc.[62] Labour, meanwhile, was similarly keen to hone its own proposals for a Commonwealth grouping, going as far as to secure the backing of the Australian and New Zealand centre-left.[63]

By the spring of 1959 neither Labour nor the SD therefore had much incentive to talk of a common 'socialist formula'. On the contrary, such policy divergence merely amplified the sense already acute at the December Brussels meeting that, as yet, cross-border party contact had little to offer either group when it came to European policy. It was consequently no accident that when in mid-May and again in mid-June Carthy raised the

[60] Fortrolige tanker til videre overvejelse vedrørende Danmarks placering i forhold til markedsplanerne, undated, box 54, Krag papers, ABA. See also Lidegaard, *Jens Otto Krag I*, 622–23.

[61] Bidrag til udenrigsministerens tale, 3 January 1959, box 59, Krag papers, ABA.

[62] Notits vedrørende Krags samtaler med den norske og den svenske handelsminister under den nordisk arbejderbevægelses samarbejdskomités møde i Stockholm, 22 March 1959, box 54, Krag papers, ABA.

[63] Report of Mr Callaghan's visit, NEC minutes, 25 March 1959, LHA.

idea of convening a committee of the Socialist International, Labour and the SD replied somewhat pessimistically that they saw no reason to do so.[64] The idea that Europe's socialist parties would work together to help overcome the collapse of the FTA, as had been proposed by Carthy just months earlier, was clearly something that neither group was yet ready to do.

Coming to terms with EFTA

By the time Carthy first raised the prospect of a socialist meeting in May, substantive discussion among the Seven (as the 'outer seven' were now colloquially known) about a narrower free trade area was already well under way. Despite Denmark's participation in these talks in Stockholm, the SD remained highly sceptical of the Seven as a unit. The party was thus more than willing to use the negotiations as justification to launch a final diplomatic offensive against the creation of a smaller trade bloc. This was especially true of a meeting between Hansen and Macmillan on 12 June. The SD leader started with what by now was a familiar refrain, warning his British counterpart that Copenhagen was 'uneasy about the consequences for Denmark' of a smaller FTA and that 'scepticism towards the Seven is shared by all political parties and trade organisations'. Having vented his anger on Macmillan, Hansen then went on to warn his host that Danish support of EFTA was by no means assured; rather, that it was 'impossible to say what attitude Denmark shall take if and when we have to decide on membership or not of the Seven'.[65] Krag's diary entry on 24 June captures a similarly officious mood, together with exasperation that the idea of a smaller trade area had come quite so far: 'Maudling must have this outer FTA – he desperately hopes that it will succeed, because he cannot suffer another defeat. I think it would be beneficial for the UK and for all of us if he (or a new British negotiator) steps back slightly and looks for another potentially suitable solution'.[66] Remarks by Hansen and Krag seemed to leave little doubt: unless the British had a sudden change of heart, it was not unimaginable that Denmark would leave the EFTA negotiating table.

Such impassioned pleas had little impact on the British.[67] If this made it less likely that the SD would reject membership of the Seven, two other

[64] Carthy to Lange, 11 May 1959, and Carthy to Wilson, 18 June 1959, both box 585, SI, IISH.

[65] Bidrag til statsministerens samtale med premierminister Macmillan: Det lille frihandelsområde, June 1959, box 54, Krag papers, ABA.

[66] Krag diary, entry 24 June 1959, ABA.

[67] Record of conversation between Hansen and Macmillan 12 June 1959, PREM 11/2642, TNA.

developments made it all but impossible for the SD government to oppose such a transition. The first of these was the very weak progress that had been made towards the party's own 'Scandilux' proposal. Initially there had been good reason to suspect that the creation of a Scandinavian–Benelux trade bloc might well become a reality. For one thing, there would probably be few domestic objectors to an agreement comprising small, peripheral European states. Krag, easily the main advocate of the plan within the SD, had also been encouraged to find that the Benelux countries were receptive to the notion of a Scandilux union, confirmed when he discussed the plans with his Belgian counterpart, Pierre Wigny, over the weekend of 24–25 May.[68] And the idea was given still greater impetus when Couve informed Krag somewhat mischievously that EFTA 'had no right to exist', that it was 'only being established for tactical reasons' and that in its place the French would welcome a Scandilux initiative as 'the basis for a wider solution'.[69] But it is equally the case that the Benelux countries were from the start highly conscious of whether a separate trade bloc with the Scandinavians might be at variance with the spirit of Community cohesion. As had happened with the FTA, the three Benelux countries thus made clear that their first priority was to safeguard the successes already achieved by the EEC and that they would be unwilling to jeopardise this by supporting any plan that could reasonably be seen as undermining unity among the Six. It is for historians of Belgium, the Netherlands and Luxembourg to tease out quite how Benelux policy developed in this context. From the perspective of Denmark, however, by mid-June at the latest the SD had accepted that a Scandilux group would fail to gain the necessary support.[70]

The second and still greater source of irritation which came ultimately to shape SD attitudes to EFTA, was that Danish association with the Six now seemed less plausible. Faced with the prospect of joining a smaller FTA, it had been all too easy to believe that a drastic policy like association would mitigate many of the damaging trends apparent in Denmark's economy. But it quickly became clear that any economic gains would be blunted by the political controversy caused by the move. For example, many of the SD's own rank and file made clear their hostility to the idea.[71] And the trade union movement was likewise not yet ready to support closer continental

[68] Christensen, 'Danmark, Norden og EF', 122–23.

[69] Krags samtale med Couve de Murville, 23 March 1959, box 54, Krag papers, ABA.

[70] See comments about a discussion with Danish trade unions in Jensen to Woodcock, 9 June 1959, MSS 292/564.7/5, Trade Union Congress files [henceforth TUC], Modern Records Centre, Warwick [henceforth MRC].

[71] Referat af møde vedrørende en europæisk frihandelssammenslutning, 18 June 1959, box 155, AE, ABA.

ties at the expense of Denmark's relationship with Britain and the other Nordic countries.[72] Negotiations with the Community for associate status promised to be no less troublesome. France for one would probably try to extract a high price from Danish adherence to the EEC because of the threat posed by Danish food exporters to its own agricultural sector. All this is not to mention that association was arguably illegal within the framework of GATT since it would constitute support for a preferential grouping – something of which the British were well aware.[73] Problems thus abounded over the association option.

To these two points were added a host of additional factors pushing the SD to alter its position. Most obviously, and despite all the arguments against a smaller FTA, few could ignore that a solid proportion of Denmark's entire trade was still directed to Britain and other EFTA members. And equally compelling was the political pressure placed on the SD by its Nordic counterparts, each of which was more than adept at outlining various doomsday scenarios were the Danish not to join EFTA.[74] Krag probably best summed up the implications of all of this: 'Accession to the Seven was the least risky possibility, less risky than accession to the Six would have been, especially considerably less risky than a decision that Denmark should be standing outside, isolated'.[75] Whatever the reason, the SD now switched from ardent sceptic to cautious supporter of EFTA.[76]

Securing concessions, convincing Labour

Not all the SD's political foot-dragging had been in vain, however. The pain of accepting EFTA was certainly lessened when first the British and later the Swedish and Swiss chose to offer bilateral concessions on agriculture in the hope that they might help secure Danish membership. Such compensation came in the shape of preferential access for Danish exports of bacon, butter, tinned meat and cheese – together Denmark's four main exports to the Seven. Equally important in the easing the SD's transition was the support given to Danish EFTA membership by Bonn, which promised to uphold existing Anglo-German trade deals while welcoming Danish

[72] Fagbevægelsen og markedsplanerne, 18 February 1959, box 89, AE, ABA.

[73] Brief for meeting with Hansen, 11 June 1959, PREM 11/2642, TNA.

[74] Protokoll fort vid Nordiska Samarbetskommitténs sammanträde i Stockholm, 23 March 1959, box 330, SD, ABA. Though this did not always work, see Krag to Erlander, 27 May 1959, box 49, Krag papers, ABA.

[75] Cited in Hansen, 'Denmark and European integration', 40.

[76] For a useful discussion on the negotiations, Roland Maurhofer, 'Revisiting the creation of EFTA: The British and the Swiss case', *Journal of European Integration History*, 7, 1 (2001), 65–82.

membership of the Seven as an opportunity to bridge the divide with the Six.[77] And, most fundamentally of all, the party's support for EFTA was further made possible after it pushed successfully for a short section to be added to the Stockholm Convention outlining the Seven's intention 'to do all in their power to avoid a new division in Europe'. This process – bridge-building in official parlance, a somewhat euphemistic term that the Danish interpreted as a way of establishing functional links between the Seven and the Six – implied EFTA was not an end in itself but rather 'a step towards an agreement between all member countries of [the] OEEC'.[78] The SD could not but welcome these developments.

SD criticism of EFTA, nevertheless, did not stop there. Frustrations centred first on reciprocity. As an exporting nation, not only did Denmark hope to achieve low tariffs vis-à-vis third states but it was reticent also to increase its own border tariffs since it might imperil any chance of a truly liberalised agricultural market in Europe. Precisely because foodstuffs were set to be excluded from EFTA's remit, however, and most agricultural markets in Europe were already protected by relatively high tariff walls, Danish exporters were soon to be faced with a huge disadvantage compared with the industrial producers of the Seven who would by contrast enjoy full access to the Danish market for their goods. A second, much greater source of anxiety was that the offer by the British, Swedish and Swiss to provide agricultural compensation was likely to be both one-off and time-limited. Denmark's agricultural sector would therefore very quickly find itself facing not only the subsidised farmers of the Community but also competition from other agricultural producers within EFTA. The decision to implement a credit policy would go some way to arresting the immediate balance of payments difficulties that this dichotomy would provoke. But, as the SD would soon learn, it would also soon lead to higher interest rates, undermining investment that might otherwise have accelerated the modernisation of Danish industry. From the SD point of view, it was consequently very important that EFTA become something extremely temporary and, by the same token, that bridge-building turn out to be more than mere political bluff. The SD's moderation of its approach to EFTA did not mean therefore that it was about to give up on its hopes of uniting Western Europe under one economic umbrella.[79]

[77] Udkast til udenrigsministerens redegørelser for forhandlingerne i London og Bonn, June 1959, and Fælleserklæring fra danske og britiske ministre, 8 July 1959, both box 49, Krag papers, ABA. See also Krag diary, entry 4 July 1959, ABA.

[78] *Hansard*, HC Deb, 23 November 1959, vol. 614, cols. 40–41.

[79] Udenrigsminister Krags indlæg på NATO-rådsmødet i Oslo, 1960, box 51, Krag papers, ABA.

Having supported the draft EFTA treaty, the most immediate task for the SD government was consequently to convince Macmillan that bridge-building was a viable strategy. Such a task was instantly made difficult by the behaviour of ministers and officials in London. For few in Whitehall showed much interest in a policy like bridge-building that promised to bring with it a protracted round of new negotiations between the Six and seven EFTA members. Britain instead much preferred to consolidate EFTA before thinking about how EFTA might more closely link with the Six. Community reaction to bridge-building was similarly muted. Perhaps unsurprisingly, the French were the most circumspect about what was seen in Paris as an attempt to revive the FTA, with de Gaulle especially resistant to any institutional tie-up between the EEC and EFTA that might logically increase British authority on the continent and by proxy moderate French influence in the region. Equally damning was the coolness shown by the Commission, partly out of concern that bridge-building would distract the Six from the more pressing task of implementing the Treaty of Rome and partly because Brussels, like Paris, feared that the Danish idea would lead to demands from some quarters to resurrect the FTA negotiations. And perhaps more damning was Washington's response, which held that a possible EFTA/EEC trade pact would discriminate against American exports.[80] Because of all of this, discussions on the issue were soon postponed.

Labour's position did nothing to help matters. By the summer of 1959, as the SD grappled with its newfound support for EFTA, there was very little to suggest that its British counterpart would follow suit and soften its negative stance on a smaller FTA.[81] Increasingly clear, however, was Labour's view of EFTA as a fait accompli that it would have to accept.[82] This was less a seismic shift in its approach to the Seven than a reluctance to turn the matter of European integration into an electoral issue – all the more valid a reason given that the party expected Macmillan to call a general election for some time in the autumn.[83] Doubtless as important was Gaitskell's desire to avoid further splits in the party, divided as it already was between left and right over unilateral nuclear disarmament.[84] Acceptance

[80] The best discussion on bridge-building in this period remains Camps, *Britain and the European Community*, chap. 8.

[81] Mulley to Gaitksell, 27 July 1959, box C/313, Hugh Gaitskell papers, University College London Special Collections [henceforth UCL].

[82] Gaitskell to Mulley, 27 July 1959, box C/313, Gaitskell papers, UCL.

[83] Wilson to Carthy, 4 September 1959, box 585, SI, IISH.

[84] Gaitskell to Mulley, 27 July 1959, box C/313, Gaitskell papers, UCL. On Labour factionalism in this period, see among others, Robert Crowcroft, 'The "high politics" of Labour Party factionalism, 1950–55', *Historical Research*, 81, 214 (2008), 679–709; Stephen Haseler, *The Gaitskellites: Revisionism in the British Labour Party, 1951–64* (London: Macmillan,

of EFTA in this sense symbolised the option least likely to cause offence to Labour members. But none of this compelled Gaitskell and his team warmly to embrace EFTA.[85] And – crucially as far as the SD was concerned – this air of indifference also meant that the Labour leadership seemed set fair to display remarkably little enthusiasm for bridge-building. This was the rub as far as the SD was concerned. As Hansen and Krag each saw it, Labour support for the policy was closely enmeshed with the longer-term aim of securing a wider European market and the short-term objective of pressuring the Conservative government to overcome its seemingly inflexible approach and begin the process of negotiating with Brussels. For Labour not to come out in support of bridge-building was thus an impediment to the success of the SD government's broader European strategy.

With the Stockholm talks inching to completion and a deadline of November given for the initialling of a draft agreement, the SD leadership arguably had good cause to petition Labour on its stance towards bridge-building. The SD's dilemma was indeed put to Labour on 14 July, when the Socialist International met in Hamburg. But in an almost exact repeat of the Brussels meeting seven months earlier there proved to be very little substantive discussion or agreement about the emerging EFTA/EEC divide bar the rather platitudinous resolution reaffirming support 'for the consolidation of existing European institutions and the development of functional agreements'.[86] Socialist party contact seemed once again to end in stalemate.

All this was undeniably frustrating for the SD. But the absence of any real change in Labour's stance should not be taken to mean that the SD had discarded its goal of securing Labour support for the measure. On the contrary, the need to push Labour on bridge-building remained a live issue for Danish socialists, who during the latter half of 1959 supplemented face-to-face informal encounters with a regular exchange of letters in order to underline the pressures they were facing domestically and their hope that Labour would come to play a more prominent role in overcoming the EFTA/EEC divide. To convince Labour, Krag, for instance, spoke of how 'a coordination of the attitude of [socialist] parties would be of great importance in order to bring pressure to bear upon the governments'.[87] And

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1969); Richard Heffernan, 'Leaders and followers: The politics of the parliamentary Labour Party', in Brian Brivati and Richard Heffernan (eds), *The Labour Party: A Centenary History* (Basingstoke: Macmillan, 2000); Eric Shaw, *Discipline and Discord in the Labour Party, 1951–87* (Manchester: Manchester University Press, 1988), chap. 3.

[85] Gaitskell to Mulley, 27 July 1959, box C/313, Gaitskell papers, UCL; Wilson to Carthy, 4 September 1959, and Carthy to Andersen, 18 September 1959, both box 585, SI, IISH.

[86] Report of sixth congress of the Socialist International, 4 January 1960, box DC.0011, Haakon Lie papers, Arbeiderbevegelsens Arkiv og Bibliotek, Oslo [henceforth ARBARK].

[87] Andersen to Carthy, 27 August 1959, box 585, SI, IISH.

the culmination of this sustained pressure on Labour was a letter written by Andersen in early September, which expressed the 'hope that the Labour Party will agree […] that the most essential thing in the near future is to have new negotiations between the governments of the Six and the Seven aiming at the establishing of the Common Free Trade Area'.[88] The intensity of SD correspondence in the months after Hamburg was unparalleled.

SD tactics evidently made an impression. Hints of a change in Labour's tone were already obvious at the start of the general election campaign announced by Macmillan on 9 September and due to take place a month later. Wilson, for instance, acknowledged that Labour ought at least to have some sense of how the party's European strategy would differ from that of the Conservatives and that in the absence of anything else the line taken by Andersen was as good as any to adopt.[89] A rather more noteworthy indication that change was afoot came some two weeks later, when Wilson confirmed to Carthy that he had 'broad sympathy and satisfaction' with the policy other SI parties had been taking. Persuaded by the arguments, the shadow chancellor then went even further and stated he would also recommend the NEC adopt bridge-building as the centrepiece of Labour European policy.[90]

Why was Labour so receptive to SD demands? It may well have been political manoeuvring on the part of the Labour leadership; as the polls showed a comfortable, though narrowing, lead for the Conservatives, so Labour may well have been prepared to fight more vigorously on an issue that was undeniably a weak point for the Conservatives. The transition in favour of bridge-building could also logically be credited with politicking on Wilson's part. But, even in spite of this apparent hardening of Labour opinion, 'Europe' did not feature prominently in the campaign. And Wilson was unlikely to choose bridge-building of all issues as his cause célèbre. Labour's support for bridge-building does therefore appear to have been genuine, based on the assumption that it now represented the best chance to heal the continuing EFTA/EEC divide. This helps explain why even after the disappointment of the October general election bridge-building was destined to take up so much of Labour's time. On 14 December 1959, shortly after the initialling of the Stockholm Convention, Wilson, for example, delivered a speech to the House of Commons very much with SD fingerprints over it, stating as he did that 'we are debating today what we all recognise as a second best, a perhaps useful but scarcely adequate substitute

[88] Andersen to Carthy, 2 September 1959, and Carthy to Wilson, 4 September 1959, both box 585, SI, IISH.

[89] Wilson to Carthy, 7 September 1959, box 585, SI, IISH.

[90] Carthy to Andersen, 18 September 1959, box 585, SI, IISH.

for a more generalised European Free Trade Area'. And when talking of what alternatives existed to EFTA he echoed a parliamentary colleague when asking, without bridge-building, 'where do we go from here?' A possible starting point was technical rather than political in character. Businesses stood to gain almost immediately from even the most basic of arrangements like an EFTA/EEC settlement on certificates of origin and the development of common forms and reporting standards for various other manufactured goods shipped between the two blocs. But, whatever was decided, some sort of discussion with the Six would be necessary.[91]

What makes this episode noteworthy is that it shows a direct link between the pursuit of domestic party goals and the role played by cross-border contact in achieving them. Regardless of whether Labour's newfound support for bridge-building actually provoked the Conservatives into changing course probably matters rather less than the fact that Labour was pressuring the government at all. This was party political contact at its most beneficial. Labour's support for bridge-building also highlighted further the way in which the party's view of how best to overcome the gap between the Seven and the Six had matured since the start of 1959. Gone were earlier views that it was the Commonwealth or some sort of Commonwealth–Scandinavian link that represented the best way of overcoming the divide. For the first time since the FTA collapsed, and thanks in no small part to SD pressure, the Labour leadership now seemed to accept that the answer to the EFTA/EEC divide was, in fact, to be found in Europe.

The spectre of membership

No sooner had Labour come out in support of bridge-building than the Conservative government decided to embark on a fundamental rethink of British European policy. A far-reaching assessment of London's attitude to the Community had in fact begun well before the Seven initialled the Convention in mid-November. Only a fortnight after the 8 October general election Macmillan had written to Selwyn Lloyd, the British foreign secretary, claiming that 'for better or worse the Common Market looks like being here to stay at least for the foreseeable future' and that 'the question is how to live with the Common Market economically and turn its political effects into channels harmless to us'.[92] This was quickly followed by a memo penned by a Foreign Office official, who stated rather more bluntly that EFTA was likely to be of little worth to Britain given that its members were held together by only 'ties of common funk' – that is, their shared exclusion

[91] *Hansard*, HC Deb, 14 December 1959, vol. 615, col. 1157.

[92] Macmillan to Lloyd, 22 October 1959, PREM 11/2985, TNA.

from the Treaty of Rome.[93] So began the process of readjustment that would culminate in the 1961 application for EEC membership.

Neither Labour nor the SD appeared to show much awareness of these developments when they met in the confines of the SI's inaugural contact committee in Strasbourg on 16 January 1960. Instead, the gathering simply confirmed both groups' fierce support for bridge-building as the most effective way to overcome the EFTA/EEC split. Like many a communiqué before it, this began by noting the 'serious risks both in the political and in the economic field which are inherent for Europe in the existence of two trading blocs' before calling for 'a sustained effort to rally public opinion' in favour of bridge-building by 'getting the widest possible publicity […] in the press and public meetings'.[94] Officially, at least, Labour and the SD were happy to do as much. Krag thus used a parliamentary speech in late February to explain how the SD government intended to find 'specific solutions' that would 'help substantially to reduce discrimination between the EEC and EFTA'.[95] And Labour continued to emphasise that EFTA was 'not an end in itself' but a 'necessary stop on the path to a broader European solution'.[96] Bridge-building still appeared to be the cornerstone of Labour and SD European policy.

Privately, however, the leaderships of both groups had by now accepted that bridge-building was a non-starter – thinking which stemmed in large part from the knowledge that the Conservatives were indeed working towards revising British EEC policy in some way.[97] It was in this sense that the opening months of 1960 came to represent a turning point of sorts for Labour and the SD. For any pretence that bridge-building could be achieved was finally dropped, even if Per Hækkerup – a leading SD parliamentarian, who as a member of the parliamentary foreign affairs select committee and future foreign minister played a key role in SD foreign policy – did urge at contact committee meeting in May that as a face-saving exercise 'this should not be stressed publicly' and that instead 'all public statements [by socialist parties] should continue to emphasise the need for an accommodation' between the Seven and the Six.[98] As the Labour and

[93] Lee memo, 22 April 1960, PREM 11/3133, TNA.

[94] Report on contact committee meeting, 4 February 1960, box DC.0011, Lie papers, ARBARK.

[95] Udenrigsministers tale, 23 February 1960, box 48, Krag papers, ABA.

[96] *Vestkysten*, 8 March 1960.

[97] Hvem har den europæiske sandhed i forvaring?, January 1960, box 48, Krag papers, ABA; Minutes of international sub-committee meeting, 12 January 1960, NEC minutes, 27 January 1960, LHA.

[98] Note on informal discussions among socialist parties of Six and Seven, 10 May 1960, box 16(4): International sub-committee minutes and documents, 1953–62, LHA.

SD leaderships returned from the Christmas break they could thus each legitimately feel that there were very few viable policy methods to overcome European impasse other than for Britain, Denmark and other EFTA states to somehow join the Community. Not for want of an alternative, in early 1960 the issue of whether to support Community membership was suddenly and rather abruptly thrust upon the parties' political agendas.

As rumours swirled that the Macmillan government might soon drift towards Brussels, the idea that Labour ought to think more carefully about a membership bid was pursued with some energy by the party. In some quarters this was evident already well before 1960 with the creation of the Commission on European Integration and Disengagement (CEID) set up in June 1959. Funded by the Federal Trust, the committee was chaired by Rochester MP Arthur Bottomley and comprised among others John Hynd, a former minister and the MP for Sheffield Attercliffe, the Yorkshire MP John Edwards, Roy Jenkins, a young, talented Labour parliamentarian and a close colleague of Gaitskell, Norman Hart of the Federal Trust and James Hunt, the executive secretary of campaign group Britain in Europe.[99] Central to the CEID argument was that West European economic and political unity was a necessary forbearer to tearing down the Iron Curtain. From 1957 Gaitskell had mapped a policy of disengagement; that is, the withdrawal of NATO and Warsaw Pact troops from central Europe and the creation of a nuclear free zone surrounding a reunified Germany.[100] For Labour's new CEID, this task and the emergence of the EEC were inextricably linked. On the one hand, there was a very real risk of an all-powerful unified Germany emerging from disengagement; British membership of the EEC would in this sense be vital to containing future German dominance. On the other, the prospect of a closer economic relationship with the Community would itself be a significant pull factor for Eastern European counties to support the disengagement process. Anything, most obviously British entry, that made the EEC a still more attractive, robust organisation might thus further entice the Warsaw Pact.[101] It was in other words concerns relating to the broader cold war setting that encouraged a handful of MPs on the Labour right not only to examine relatively early on the question of Community membership but also to conclude that EEC membership was something

[99] Rea to Ennals, 25 June 1959, box 3, LPID, LHA.

[100] On the so-called Gaitskell plan, see Brian Brivati, *Hugh Gaitskell* (London: Richard Cohen, 1996), 316–17; R. Gerald Hughes, '"We are not seeking strength for its own sake": The British Labour Party, West Germany and the cold war, 1951–64', *Cold War History*, 3, 1 (2002), 67–94; Kenneth O. Morgan, 'Hugh Gaitskell and international affairs', *Contemporary Record*, 7, 2 (1993), 612–20.

[101] Minutes of first economic committee meeting of CEID, 28 July 1959, and Minutes of first political committee meeting of CEID, 20 August 1959, both box 3, LPID, LHA.

Labour ought to support as part of its broader foreign policy in the late 1950s. The problem, however, was that the ideas of such a small group of parliamentarians with such niche appeal to the wider party stood very little chance of becoming Labour policy. That throughout 1959 no mention was made of the commission by either Wilson or Gaitskell indicated quite how marginal a group it was.

Worried that Labour would once again find itself without a policy, however, on 12 January 1960 the NEC as a whole did finally agree 'that the time had come for a more careful study of the party's policy towards Europe and European institutions'.[102] This took the form of a working party based in Labour's Transport House headquarters composed of figures already strongly in favour of British membership – like Jenkins, Sheffield MP Fred Mulley and Shirley Williams, twice an unsuccessful parliamentary candidate but already a dominant figure in her own right – and others opposed, notably shadow foreign secretary Denis Healey. NEC members Harry Earnshaw, a trade unionist close to the leadership through his role as general secretary of the United Textile Factory Workers' Association, and MPs Peggy Herbison (North Lanarkshire) and Arthur Skeffington (Hayes and Harlington).[103] That Gaitskell chose to bring this particular band of individuals together – many considered his own loyalists, or at the very least 'rightist' members of the party's national executive – is itself significant and requires at least a little discussion.

Solidifying his own position might well have held some appeal for Gaitskell at the beginning of 1960. After all, Labour had only recently lost the 1959 election; the party remained rocked by the split over nuclear disarmament; revoking Clause IV – the party's commitment to nationalism – was the new fault line between left and right; and the Campaign for Democratic Socialism (CDS), formed in a Chelsea pub in June 1960, was already in process of 'modernising' the party and 'saving' it from the left. Restricting debate about the EEC to his own lieutenants, split though they were, might arguably have served to curtail the Europe debate, further shutting down left-wing voices, preventing any broader left–right divide and in the process securing an outcome that could more easily be controlled by Gaitskell himself. But at the start of 1960 there was really no need to think so strategically. As CEID showed, European integration was at this stage such an esoteric issue that only the most senior party figures – Gaitskell himself could be added to this list, as could Wilson, Healey,

[102] Minutes of international sub-committee meeting, 12 January 1960, NEC minutes, 27 January 1960, LHA.

[103] Minutes of international sub-committee meeting, 9 February 1960, NEC minutes, 24 February 1960, LHA.

George Brown, who became Labour's deputy leader in July 1960, Jenkins and his CEID colleagues – showed any real interest. There was therefore simply not the sort of animosity between the 'pro' and 'anti' camps that would come later to characterise Labour's battle with the EEC. It is, then, perhaps more sensible to argue that Gaitskell was from the outset keenly aware of the enormity of the decision relating to EEC entry, aware of both the limitations of EFTA and the inconceivability that Labour could realistically pursue the alternatives it had outlined earlier in 1959, convinced that the party ought to consider its position in a fair and candid way, and willing to have those closest to him investigate the merits or otherwise of a British membership bid.

This argument gains added weight when considering Gaitskell's conversations with *Guardian* editor Alastair Hetherington throughout 1960, all of which revealed the Labour leader open to but ultimately objective about membership. One meeting in June, for instance, saw Gaitskell note how Britain was likely to gain economically from being part of a larger market, only to warn 'that the political arguments against were strong'.[104] In another conversation in July, Gaitskell apparently claimed his interest in joining the Six was 'growing', although there were in his mind four factors that would first need to be resolved. Three of them – the danger that British entry might be vetoed, the uncertain position of EFTA members in an enlarged Community, and the effect of the Six's planned common tariff on Commonwealth trade and the cost of living – could only really be determined once Britain actually delivered its bid and began the process of accession negotiations. The fourth problem by contrast – the long-term political aims of the Six – caused the greatest unease and would not easily be discerned by submitting a membership bid. But even here the Labour leader was willing to grant some concessions. As Hetherington recalled, for Gaitskell 'political confederation would be acceptable political federation was not'. London would consequently have to satisfy itself that when applying to join the EEC Britain could not simply secure acceptable short-term accession terms, but also guard against the Community's long-term federalist intentions. If it could do so, according to Hetherington's recollection at least, Gaitskell thought there to be little reason to resist such a drift.[105] The terms of joining rather than the act itself thus seemed to be the gist of the leader's thinking on the matter.

SD attitudes are rather easier to decipher. For growing numbers of the SD elite, enlargement did not require too sharp a change in Denmark's existing

[104] Note of meeting with Gaitskell, file 2/25, 22 June 1960, Alistair Hetherington papers, British Library of Political and Economic Science, London [henceforth BLPES].

[105] Note of meeting with Gaitskell, file 2/24, 14 July 1960, Hetherington papers, BLPES.

approach to Europe. The SD had long sought to unify the country's main trading partners and secure access to continental agricultural markets: British and Danish membership of the Community held just such a possibility. Leadership support for a British move towards Brussels thus emerged very rapidly.[106] There were admittedly a few dissenters from this line. At a party meeting in April an unnamed official claimed the Six were 'fundamentally different' politically and ideologically from the members of EFTA.[107] And a handful of SD parliamentarians expressed concern about Danish accession in late February when news emerged that Bonn planned to establish new military installations in Spain, raising fears about the potency of Germany's Nazi legacy.[108] But, as with Labour, European policy was at this moment an issue restricted largely to the party hierarchy.[109] The SD leadership thus appeared successfully to be edging Denmark towards Brussels without engendering too much opposition.

Little at first appeared to indicate that the party leaderships would divert from their balanced, even positive stances. The degree of seeming enthusiasm for the Community witnessed over the spring and summer of 1960 was indeed staggering – especially so for Labour – and appeared to carry with it a recognition that the EEC was such a strong economic unit that those on its periphery had little choice but to participate. Speaking at yet another SI contact committee meeting on 10 May, it was Wilson who suggested that were Britain not to join the Community it risked being 'excluded from the great investment developments now under way in Western Europe'. He was similarly optimistic that Commonwealth countries would probably benefit from Britain's joining the 'dynamic and expanding' EEC, since 'by creating an area of growing prosperity covering a wide area of Europe' they would very likely see 'better demand for their products, even without tariff concessions'.[110] The shadow chancellor's frustration with EFTA appears quickly to have translated into a more measured response to the EEC.

An even greater display of Labour's warmth towards the Six came two weeks later when in an interim report members of the Transport House working party presented evidence of the positive impact Community

[106] See comments by Krag in *Vestkysten*, 8 March 1960, copy of article in box 49, Krag papers, ABA.

[107] Aktuel orientering om markedsplanerne, 23 April 1960, box 17, Krag papers, ABA.

[108] *Politiken*, 26 February 1960; Transcript of speech at Bornholm, 29 February 1960, box 51, Krag papers, ABA.

[109] Fællesmarkedskommissionens landbrugsforslag, 9 February 1960, box 48, Krag papers, ABA; Tage Kaarsted, *De danske ministerier 1953–1972* (Odense: Odense Universitetsforlag, 1992), 169.

[110] Note on informal discussions among socialist parties of Six and Seven, 10 May 1960, box 16(4): International sub-committee minutes and documents, 1953–62, LHA.

membership would have on Britain. The very clear message was that Britain risked being left behind should it fail to confront the 'unprecedented problems' created by the emergence of the Community as a global force. British exports were already disadvantaged by the progressive removal of intra-EEC tariffs; the Six, with a combined population of 167 million, were now attracting more US and third country investment; and Washington was 'more and more orientated towards the Six both in matters of trade and defence'. Although it noted downsides – Healey's sole input appeared to be concerns over the 'likely political developments within the Community' – the report concluded that such 'drawbacks of membership from the British point of view [are] likely to be balanced in the future by equally serious dangers resulting from non-membership'. So important was EEC membership that the report's authors recommended, and it was duly agreed, that the whole parliamentary party should now be consulted on the matter.[111]

The PLP had a first opportunity to coordinate its position nearly a month later on 20 June. For a meeting billed as an opportunity to discuss a great affair of state, however, the gathering of Labour parliamentarians registered a disappointing response which ranged from apathy to complete indifference – a development best explained by the fact that its single greatest preoccupation in this period remained not European integration but the far bigger beasts that were nuclear disarmament and Clause IV.[112] This vacuum provided for a fairly narrow debate which, while pitting the ex-Bevanite Harold Wilson against Gaitskellite revisionist Denis Healey, was considerably more pragmatic than ideological in tone. The latter, for instance, accused the Six of making 'major strides towards political integration', including a directly elected parliament and a stronger European Commission. In almost total contrast came Wilson's assertion that the Community was the 'dynamic and expanding' force in Europe, likely to attract more capital investment and enjoy a higher standard of living than Britain. Only on the matter of the Commonwealth did they seem to agree that British entry might cause serious problems. But even here different emphasis was placed on the intractability of the issue. Healey, for instance, admitted that while countries like Canada and Australia would probably want their own tariff agreements with the Six, the 'new' Asian and African non-white developing Commonwealth nations were 'concern[ed] at the prospect of discrimination against them in a European grouping'. In total departure from this line was Wilson, who claimed that the new

[111] Problems of European unity, 25 May 1960, box 3, LPID, LHA.

[112] Indeed, just nine days later Gaitskell faced a motion of confidence given concern about Labour defence policy. Gaitskell survived the vote 179 to 7. See Minutes of meeting, 29 June 1960, parliamentary Labour Party [henceforth PLP] minutes, 1959–60, LHA.

Commonwealth seemed only to offer 'rather vague and indefinable reasons' for Britain not to join the EEC. Underlining the case for entry, by contrast, were the arguments that Britain was in danger of economic isolation should it choose not to join, that there was no evidence EEC membership would force Britain to harmonise its social policies with other Community states, and that EFTA was unlikely to be as economically rewarding to Britain as would joining the Six.[113]

On this same occasion Gaitskell's balanced attitude was again fully on display. To two points that echoed Healey's concerns about Community membership – 'Commonwealth difficulties' and 'will they [the Six] go for political union?' – was added a fear shared with Wilson relating to the 'economic consequences of not going in'.[114] But, in the absence of any real leadership and with the PLP indolent about the whole issue, the way was cleared for Wilson as shadow chancellor to take the lead in a Commons debate on the EEC just a month later. And while nothing he suggested on that occasion meant Labour was about to support full entry – there were, Wilson made clear, both 'advantages and costs' that precluded any set policy being adopted in the immediate future – he did explain that the case for joining the Six was 'formidable' and that the split between EFTA and the EEC was 'a regrettable temporary phase' that ought to be surmounted by 'a single united economic community for Western Europe'.[115] That besides Wilson only Bottomley, Jenkins and Mulley – all sympathetic to the European cause – spoke for Labour said much about the degree to which European policy was in the hands of a small number of well-known membership adherents and the extent to which Labour MPs more generally were somewhat lackadaisical about the entire matter. Heated debate and deep-seated divisions over European integration was by contrast something yet to take hold of the party.

All of this meant that the various European-level meetings held during the year – and there were at least three in 1960, with another planned for early 1961 – became rather congenial affairs, used as ways to discuss tentative Community enlargement and encourage other parties to adopt certain stances domestically in order to help smooth the way for enlargement negotiations. At Strasbourg in May, for instance, the parties agreed that the SPD should try to convince the Adenauer government to issue 'specific points of departure' from which Britain, Denmark and others could negotiate

[113] Britain's relations with Europe by Harold Wilson, 15 June 1960, and Britain's relations with Europe by Denis Healey, undated, both box C/211, Gaitskell papers, UCL.

[114] Notes by Gaitskell on PLP agenda, 20 June 1960, C/211, Gaitskell papers, UCL.

[115] *Hansard*, HC Deb, 25 July 1960, vol. 627, cols. 1109–27. See also Labour Party, *Annual Report* [henceforth LPAR] 1960, 75.

entry to the Community.[116] Likewise in Paris later in July Wilson reiterated that EFTA, far from being permanent, was a 'step towards a single market in Europe', and that socialist groups ought to help 'avoid anything likely to inhibit' enlargement by keeping tariffs as low as possible and building public support in favour of a British bid.[117] If this was not Wilson endorsing EEC membership outright, it was certainly Wilson indicating that the terms of entry were at least worth discussing with a view to Britain joining at some point in the future.

The gathering storm

Had contemporary commentators been asked to analyse Labour and SD European policy at the end of 1960, they would consequently have been entirely justified in arguing that there had been a near-transformation in the parties' stances since the breakdown of the FTA negotiations just two years earlier. Since November 1958 Labour and the SD had indeed gone from rejecting a smaller FTA to investing a considerable amount of time at the start of 1959 in evaluating possible alternatives, to then accepting EFTA as a unit but also promoting bridge-building to ensure that the Association would not become permanent, to finally at the start of 1960 abandoning their commitment to bridge-building and showing instead an unparalleled openness to the notion of British and Danish EEC membership. The result of all this appeared to be that by the end of 1960 both party leaderships accepted the basic premise of entry and the economic benefits that accession to the Community would bring. Neither group admittedly was yet ready to adopt an official, clearly defined line on British and Danish EEC entry. But the transformation was no less remarkable.

Equally apparent between November 1958 and December 1960 was the extent to which Labour and SD European policymaking had grown to become a rather shared, interlaced affair. The type of hybrid decision-making process that was witnessed at certain points during these months, with official diplomacy complemented by party-level contact, was very well demonstrated by the bridge-building episode. This made clear that key to Danish European strategy was not only the relationship between officials in Copenhagen and London but also the one between the SD and Labour. With Whitehall obstinate about EFTA states establishing a more formal link with the Six, securing Labour support for bridge-building became the next

[116] Note on informal discussions among socialist parties of Six and Seven, 10 May 1960, box 16(4): International sub-committee minutes and documents, 1953–62, LHA.

[117] Report on contact committee meeting, 23 July 1960, 1 September 1960, box DC.0010, Lie papers, ARBARK.

best opportunity for the SD government decisively to shape the integration process. More striking perhaps was Labour's involvement in the series of socialist party meetings that took place over the summer of 1960. These saw Labour, an opposition party, actively helping set the scene for a membership application by a Conservative government. And the way in which the parties were now engaged in the Europe question bore great resemblance to Carthy's appeal for Europe's centre-left groups to adopt a coherent response to the integration process. Policymaking was not an isolated process.

In among all of these various developments, however, also lay fairly alarming warning signs that the internal unity that the parties had managed to achieve by the turn of 1960 was unlikely to continue for much longer. Indication for Labour that EEC membership was set to become the next great controversy to hijack the party came at the October 1960 party conference. Responding to signs that the Conservative government was soon to reverse its attitude on EEC membership but in no mood to give the leadership an easy time of things so soon after the unilateralism debate, several MPs did for the first real time start to express their opposition to the EEC.[118] And this was exacerbated when in November the Transport House working party was finally wound up without having reached a final conclusion as to what position Labour should take on the EEC.[119] The job of deciding policy on EEC membership would lie instead with the NEC's finance and economic sub-committee chaired by former Reading MP Ian Mikardo, whose membership also included Douglas Jay (Battersea North), a friend of Gaitskell's and a fellow MP on the revisionist right. Alongside them would sit representatives of the international sub-committee chaired by left-wing Blackburn MP Barbara Castle and a handful of co-opted members like economist and party advisor Thomas Balogh – none of whom could easily be called admirers of Brussels. While among this group was Roy Jenkins, few could ignore that official party policy would be decided by a group of mostly soon-to-be anti-marketeers from both sides of Labour's ideological divide.[120]

[118] *Guardian*, 5 October 1960.

[119] Minutes of finance and economic policy sub-committee meeting, 7 November 1960, and Minutes of international sub-committee meeting, 20 December 1960, both NEC minutes, 21 December 1960, LHA.

[120] The study group consisted of MPs Ian Mikardo, Richard Crossman, Hugh Gaitskell, Fred Mulley, Harold Wilson, Barbara Castle, Denis Healey, Roy Jenkins, Douglas Houghton, Fred Lee, Walter Padley and Dick Mitchison. Also members were David Davies, assistant general secretary of the Iron and Steel Trades Confederation, economists Thomas Balogh, Nicholas Kaldor and Robert Neild, Len Murray from the TUC, and Harry Nicholas, the then Labour Party treasurer. For the latest discussion on Roy Jenkins, see N. Piers Ludlow, *Roy Jenkins and the European Commission Presidency, 1976–1980: At the Heart of Europe* (Basingstoke: Palgrave Macmillan, 2016).

But the most serious signal of what was in store came from Harold Wilson. For all the praise that the shadow chancellor had earlier heaped on the Six, a series of private discussions in the confines of the summer contact committee meetings had also seen Wilson come away with the distinct impression that British membership would almost certainly be rejected by the French. Equally troubling were claims made by Swedish socialists that British EEC membership would isolate the EFTA neutrals – Austria, Sweden and Switzerland – and therefore lead to an increase in Soviet influence in those countries.[121] These instances alone need not have been crucial to Wilson's stance. But claims about the EFTA neutrals and fear of a French veto do appear to have produced a Pauline conversion. For Wilson subsequently questioned whether Britain should even risk applying to the Six only to be rejected by Paris. And in the Commons later in July he went still further when he warned that Britain risked abandoning the three EFTA neutrals despite having 'pledged' to support them. This itself appeared to awaken in Wilson concerns that the EEC might soon evolve from a supranational economic grouping – already problematic enough for some – to an organisation destined ultimately for a federal future. After all, if the Community was to be an open and inclusive, a celebrated looser patchwork of Western European states in all their diversity, it could easily accept neutral countries; a federal unit by contrast, or one with strict common rules in politically sensitive areas like defence and whose policy remit was likely to extend to include strategic items useful in the event of war, could not. If countries like Sweden were prevented from joining the Six, in other words: did Britain really want to join either?[122] The summer months of 1960 do therefore appear to have produced a genuine and rather dramatic transformation in Wilson's attitude to European integration. True, the shadow chancellor did still wish for some sort of relationship with the continent. But the possibility of this taking the shape of full British membership seemed less appealing now than it had at the start of the year. When from 1961 news of an impending application caused everyone in the Labour Party finally to take notice of the integration process, those who opposed membership were assured of Wilson being on their team.[123]

Still more challenging was the prospects for the SD. The general election of 15 November 1960 had promised to be nothing but conventional, the SD likely to emerge once more as Denmark's largest political party. And under

[121] Report on contact committee meeting, 23 July 1960, 1 September 1960, box DC.0010, Lie papers, ARBARK.

[122] *Hansard*, HC Deb, 25 July 1960, vol. 627, cols. 1112–21.

[123] Britain and the Common Market: information series 1960, no. 14, December 1960, box C/255, Gaitskell papers, UCL.

Viggo Kampmann – who replaced Hansen following his death earlier in February and was, like Krag, representative of a modern, younger wing of social democratic thought in the party – the SD did indeed demonstrate just how dominant an actor it was in Danish politics, gaining 76 of the 175 seats available and increasing its vote share by nearly 3 per cent. But the success in the same election of the recently established Socialist People's Party (SF) and its leader, Aksel Larsen – a former communist, an opponent of Danish NATO membership, someone fiercely pro-Nordic and Denmark's foremost critic of the EEC – promised to cause all sorts of problems for the SD leadership. For not only had the SF and its 11 new MPs secured a platform in parliament from which it could attack the SD's European policies, but the SF also risked becoming a draw for those on the periphery of the SD's own left wing that were likely to be hostile to EEC entry. Ultimately, then, 1960 ended on a worrying note, with signs that as European membership became more widely discussed a much greater internal divide would open in both Labour and the SD. Quite what all this meant for the two parties and how it would play out as Macmillan confirmed Britain's intention to apply for EEC membership in mid-1961 were questions equally and rather worryingly undefined.

2

The First Applications: January 1961–September 1964

On 31 July 1961, Harold Macmillan stood in a rapt House of Commons finally to announce that the British government hoped to open enlargement negotiations with the EEC. The prime minister started on a positive note, describing the Community as a promoter of 'unity and stability in Europe' and 'a factor in the struggle for freedom and progress throughout the world'. But in a portent of the highly conditional approach that the government would adopt in its discussions with the Six, Macmillan quickly turned his attention to three difficulties that British negotiators would encounter: accommodating Britain's EFTA partners in an enlarged Community, protecting British agriculture and, perhaps most significant, safeguarding Britain's historical and economic links with the Commonwealth. The negotiations, as the prime minister himself freely admitted, were thus likely to be 'protracted', would 'inevitably be of a detailed and technical character' and would necessarily cover 'delicate and difficult matters'. Even then there was 'no guarantee of success'. Only once the government had deemed the negotiations successfully to have been completed, and the Commonwealth had in turn been consulted on the adequacy of the terms offered, would the House then convene to decide whether Britain should indeed join the Community.[1] Analysing the development of Labour and SD policy in the months prior to and following Macmillan's announcement, including the decision by the SD government to launch its own simultaneous bid, is the job of the first half of this chapter.

The hesitancy of Britain's approach was more than matched by the incertitude with which the Community itself responded to the application. It indeed took until September for Brussels even officially to acknowledge the British request. And another month would pass before talks between

[1] *Hansard*, HC Deb, 31 July 1961, vol. 645, cols. 928–31. For a cutting analysis of Macmillan's equivocation, see *The Economist*, 5 August 1961.

London and the Six got under way.[2] Once consultations had begun, moreover, they were soon bogged down by a series of disagreements and controversies relating to relatively minor procedural issues, all of which seemed to indicate that little substantive progress would be made any time soon. While admittedly hopes of an agreement were raised during the spring and summer of 1962 when the Conservative government showed greater flexibility than it had previously on the possible terms of British membership, this proved to be no more than a false dawn. By Christmas, just 18 months after Macmillan's Commons speech, the failure of the enlargement negotiations looked nothing short of certain.

This was the environment in which de Gaulle held his infamous 14 January 1963 press conference vetoing the British bid. The second part of this chapter must consequently focus on how Labour and the SD each dealt with the fallout of the French president's actions. As it will go on to explain, compared with the fate of Britain's membership bid the status of Denmark's own application was rather less clear. The cause of much of this uncertainty was of course the decision by de Gaulle to offer Denmark a choice of either full or associate EEC membership independently of the United Kingdom. Such machinations need not have been problematic for Denmark's relationship with Britain; indeed, the move by Paris was immediately interpreted by observers on both sides of the North Sea as little more than a Machiavellian ploy. But what did concern Whitehall was that the SD leadership appeared initially even a little receptive to the idea. And despite the party's subsequent rejection of isolated entry, what caused still greater unease in London was the SD's willingness during the course of 1963 to discuss the possibility that Denmark might find some other way of more closely linking with the Six. This chapter will ask what role contact between Labour and the SD played in this charged environment and how this set the scene for party relations on the eve of Labour's general election victory later in October 1964.

Labour and the growing prospect of entry

The opening months of 1961 were enough to demonstrate that the relative unity of Labour and the SD on the question of EEC membership was slowly beginning to erode. An early salvo in Labour's case came from Douglas Jay, who argued in the first of several reports that Britain 'should offer to join the Common Market if, but only if, the common external tariff were reduced to zero on all those foods and raw materials which are now imported

[2] On the reasons for the delay, Ludlow, *Dealing with Britain*, 43–69.

duty-free into the UK from the Commonwealth'[3] – something others very quickly rebutted as inconceivable.[4] Accurate or not, what was significant about Jay's intervention was first the vehemence of his reaction – in the same report he claimed that the Six were intent on forming 'a protectionist bloc' that would make British food imports more expensive and adversely affect Commonwealth revenues – and secondly that it confirmed the rifts that now existed within Labour's Gaitskellite wing, with adherents such as Jay and Healey somewhat strange bedfellows of leftist figures like Castle, Michael Foot (MP for Gwent) and Konni Zilliacus (Manchester Gorton) who all shared in their criticism of Britain joining the Six. The EEC question was considerably more than simply a battle of left versus right.

Jay's report was also a reminder that emerging Labour opposition to the EEC was increasingly being bound up with strong emotional support for the Commonwealth.[5] But, as Wilson's own conversion attested, the burgeoning group of Labour anti-marketeers cast their net wide. There were, for instance, those who claimed membership would variously undermine Britain's commitment to détente, sacrifice Britain's strategic relationship with the USA and needlessly antagonise the Soviet Union – the most eye-catching expression of this latter theory being an international department memo penned in January.[6] Equally damning were assessments warning of the political implications of membership and the risks to British sovereignty from supranationalism and qualified majority voting.[7] Not too different were those who took a more ideological line, claiming that membership of a 'capitalist club' would undermine socialism and threaten the ability of a future Labour government to implement a centrally planned economy.[8] And

[3] Jay memo, Labour Party research department [henceforth RD].112/February 1961, LHA.

[4] Balogh memo, RD.119/February 1961, LHA. Thomas Balogh, an economic advisor to the Labour leadership, was himself supportive of maintaining Commonwealth trade but also of multilateralism; his memo indeed suggested that Labour was better off dealing with the Commonwealth not via the EEC but at a still broader international level, for instance, GATT.

[5] On the importance of the Commonwealth for Labour, Matthew Broad and Oliver Daddow, 'Half-remembered quotations from mostly forgotten speeches: The limits of Labour's European policy discourse', *British Journal of Politics and International Relations*, 12, 2 (2010), 205–22.

[6] Britain and Europe, January 1961, box 16(4): International sub-committee minutes and documents, 1953–62, LHA.

[7] William Pickles, 'Not without Europe: The political case for staying out', *Fabian Tract 336* (London: Fabian International Bureau, 1962).

[8] Notes by Callaghan at a Labour Party meeting, 31 January 1962, box 42, James Callaghan papers, Bodleian Library Special Collections, University of Oxford [henceforth Bodleian].

still more bemoaned the inclusion of Britain in a Community dominated by a strengthened Germany and an unpredictable France which left little room for neutrals and smaller European states.[9] This is not to forget those whose focus was a host of narrower issues, not least whether membership would come at the expense of workers' rights, trade union influence and Britain's industrial base.

The problem was that all this was plainly at odds with the views held by those in the party very much supportive of EEC membership. Three developments in the first half of 1961 served to demonstrate quite how strong still were pro-Community feelings in parts of the Labour movement. The first came in January, when a pamphlet released by the Fabian Society not only dismissed as unfounded concerns about the effects of EEC membership on the Commonwealth but also claimed that the economic weakness of the sterling area in fact vindicated the shift towards the Six.[10] These arguments gained strength following a second development, namely, the creation in May of a cross-party pro-Community Common Market Committee consisting of over 20 predominantly centre-right Labour MPs, five peers and a handful of trade union leaders, with Roy Jenkins one of several vice-chairs.[11] And Europhile sentiments reached their peak in the late summer of 1961 as a result of a third development: the decision by a select group of pro-Market Labour MPs – mostly Gaitskellites but with a handful of left-wing supporters in tow – to establish a Labour-only campaign group, the Labour Common Market Committee.[12] Speaking at its launch, Jenkins claimed that 80 Labour MPs supported the group – including several CDS supporters who had earlier been attached to the CEID[13] – though by most reckoning Jenkins and George Brown were the only two close to Gaitskell genuinely supportive of entry.[14]

One indication of quite how divisive an issue EEC membership now was for Labour came when in the first few months of 1961 the finance and economic sub-committee met to discuss the party's position on entry. Early signs that the group would emerge in favour of Community membership were admittedly quite positive. The first major report considered by the sub-committee at its inaugural meeting on 24 January aroused remarkably

[9] *Tribune*, 4 August 1961.

[10] Evan Luard, 'Britain and Europe', *Fabian Tract 330* (London: Fabian International Bureau, 1961).

[11] Broad, *Labour's European Dilemmas*, 42.

[12] Beever to Jenkins, 13 August 1961, box 2, Colin Beever/Labour Committee for Europe papers, LHA.

[13] Robins, *Reluctant Party*, 36.

[14] Labour Common Market Committee, undated, box C/256.7, Gaitskell papers, UCL; John Campbell, *Roy Jenkins: A Well-Rounded Life* (London: Penguin Random House, 2014).

little fanfare or hostility.[15] The document under consideration – most probably penned by Jenkins – left open exactly what party policy ought to be. But it pointed very clearly to the likely economic gains of accession. Given that Britain did far more trade with the Six (taking around 14 per cent of the country's total exports) than with EFTA (10 per cent), entry would only give rise to more trade opportunities and improve economic performance, so the report predicted. Should it decide to remain aloof from the continent, Britain would thus deprive itself of the best chance to reduce its already sizable balance of payments deficit, inject some much-needed efficiency into an increasingly unproductive workforce, and induce greater specialisation made possible through participation in a larger home market. Arguably more significant was the section on foreign direct investment, which indicated that American companies would in the coming years shift funds from Britain towards Brussels. And topping off the optimistic vision of Britain's European future was the segment dealing with the social consequences of entry, which stated without reservation that EEC membership would not be as problematic as some feared. On the contrary, benefits were higher in some Community countries than in Britain and wage levels were almost identical. The Treaty of Rome, moreover, included provisions to maintain full employment. Not only would Community membership complement many of Labour's own economic priorities, but British workers might therefore also benefit from the higher standard of living already enjoyed by their European counterparts.[16]

This sterile state of affairs was, however, not to last for long. In an almost exact rerun of the PLP debate between Wilson and Healey nine months earlier, a further meeting of the sub-committee on 2 March witnessed a heated, if amicable, clash between the pro-European Jenkins and the anti-Community Healey. A disagreement over whether EEC membership would damage Britain's standing in the USA was the beginning of an exchange that saw the two men differ on issues ranging from the impact of entry on Britain's status as a world power to the likelihood of the Community collapsing in the not too distant future. But at the heart of the debate were three principle areas of disagreement.

The first controversy centred on domestic agriculture. Britain's agriculture market was almost unique in Europe in being based on the tariff-free entry of produce. British farmers had survived in this fiercely competitive environment thanks largely to the Treasury offering so-called deficiency payments – or direct grants – set annually in consultation with the National Farmers' Union. These in effect made up farmers' incomes since the cost of

[15] Summary of discussion, 24 January 1961, RD.114/February 1961, LHA.

[16] Britain, Europe and the Commonwealth, RD.106/January 1961, LHA.

actually producing goods was often far higher than the much lower market price paid by the customer. By contrast, the Community approach, while still largely undefined, looked set to reimburse farmers by intervening to maintain a varying and artificially high price for the product to start with. Most farmers were still likely to do well from this system since the CAP would also have some sort of subsidy to encourage cultivation in the first place. But the lack of a fixed price structure did bring with it a much greater element of uncertainty and raised questions as to whether British producers would not end up losing a solid proportion of their income unless some sort of transitionary period was agreed. Far more pressing, however, was that EEC membership would overnight transform the British system from a progressive one – where individuals contributed to the Exchequer grants via taxes based on their individual income level – to a regressive one, where every consumer paid the same much higher shelf price. This would disproportionally affect the poor (and in most cases the Labour voter) since a higher proportion of their income was spent on food. Proponents of entry were not unaware of these issues. But where they differed was in the argument that any increase in the cost of living would be more than offset by the more general economic growth that Britain would accrue from membership. So already entrenched were these debates, however, that there seemed little chance of compromise between the two sides.[17]

Debates over domestic agriculture were matched in emotional intonation by the second connected question of importance, namely, the Commonwealth. Another aspect of the Community's agricultural system consisted of imposing a levy on third country imports to ensure that no external product, however cheap, could match the artificially high price of goods within the Six. There was a widespread, and fairly accurate, conviction among some in Labour that without special provisions exporters from both the new and old Commonwealth would be hit doubly hard by this scheme. For not only would they lose their automatic access to the British market but, as third country producers, they would also have to confront the EEC's high tariffs on those products which they continued to sell to the UK. British consumers would also again be hit since not only would they have to pay the costlier goods imported from within the confines of the Community, but they also would no longer be able to turn to the low prices for temperate foodstuffs like the lamb, mutton and dairy produce currently imported from New Zealand and the sugar from the Caribbean and Mauritius. Jenkins once more recognised the pitfalls of an agricultural settlement along these lines but insisted that a long transitional period and bilateral deals with individual Commonwealth suppliers would shield them from the worst of the CAP. It ought also to

[17] Summary of discussion, 2 March 1961, RD.125/February 1961, LHA.

provide enough time for the British consumer to adjust to the new regime. Healey's response, however, merely confirmed that this too was an area where Labour 'antis' and 'pros' were unlikely to find common ground.[18]

A third point, the political impact of EEC membership, proved still more contentious an issue. A certain degree of anti-German and anti-French sentiment fed into much broader concerns about the political direction of the Six and the implications of this for Britain. Healey, for instance, claimed that Britain, through its military presence in Asia and Africa, should still be regarded as 'a great power equal in importance to the Six', countenanced by Jenkins who called this conception of British power 'unrealistic'. Britain 'cannot expect to go on being treated as a great power comparable in importance to the United States, Russia, and later, Europe', so Jenkins remarked. There was, in other words, agreement that certain aspects of EEC membership – the Commonwealth, agriculture and the political aspects of membership – did pose a challenge to Britain. But in maintaining that compromise was largely impossible, Healey was unwilling to arrive at the same conclusions drawn by Jenkins to such a degree that the divide between pro- and anti-Community supporters in the party appeared ever more intractable. Subsequent meetings of the sub-committee throughout the spring of 1961 only confirmed such a state of affairs.[19]

The result of these admittedly still relatively good-natured disagreements was that Labour's European decision-making had by the summer of 1961 grown painfully sluggish and compromised. Crucial in this respect were two crunch meetings – the first a gathering of the NEC's home policy sub-committee on 10 July, the other a joint Labour–TUC meeting four days later – both of which were billed as an opportunity for the party finally to agree a common stance ahead of the expected imminent announcement by Macmillan of a British application. But once again a gathering of the party failed to produce the much-hoped-for breakthrough. Those on the pro-Community wing insisted that Labour ought to second-guess a statement by Macmillan and declare the party in favour of joining. This line of argument was quickly denounced by a much larger group of predominantly, although not exclusively, left-wing personalities with little appetite for British accession. By this point Wilson seems to have jumped on the Commonwealth bandwagon, both he and others arguing that EEC membership would wreck it as a political unit and undermine the economic coherence of the sterling area in the process. Yet this was far from the only issue. Others claimed that accession would probably impair independence

[18] Summary of discussion, 2 March 1961, RD.125/February 1961, LHA.

[19] Minutes of international sub-committee meeting, 13 June 1961, NEC minutes, 28 June 1961, LHA.

in terms of defence policy. Still more bemoaned Britain risked abandoning its EFTA partners. And others insisted that entry might threaten London's ability to plan the British economy. Wisely, at this moment Gaitskell was keen to avoid any action that might exacerbate the growing gulf between the 'antis' and 'pros', the latter often rendered silent through sheer force of numbers. As a result, the party's executive did no more than acknowledge the lack of a collective view and commit to revisiting Labour's position once the results of the government's negotiations were known – the so-called 'wait and see' approach.[20] On the eve of Macmillan's speech there was thus neither a unified Labour response to the impending British application nor the likelihood that one would materialise anytime soon.

None of this appeared to do anything to alter the still rather positive, if ultimately undecided, view that Gaitskell had espoused since 1960. In fact, little at either a party or public level suggests that the Labour leader had shifted in his opinion that it was the terms of British membership that most mattered and that it was on these that he would premise his final decision. He was therefore more than willing to chastise colleagues for being overly and in his view unnecessarily anti-membership.[21] At a meeting of the entire PLP on 1 August, moreover, Gaitskell announced his refusal to vote outright against Macmillan's application before quickly explaining that he was 'anxious to keep the party reasonably united on this issue and to avoid a major doctrinal quarrel on the subject'.[22] And a series of letters sent by the leader's office to party activists did nothing other than state that Labour ought at least to be open to the idea of British membership.[23]

All this means that the wait and see approach adopted with vigour by Labour from July 1961, something much ridiculed by the Conservatives as a policy devoid of commitment, was almost certainly a genuine strategic choice rather than a tactical ploy by Gaitskell. It certainly did no harm that such fence-sitting helped placate those on both sides of the debate. But Gaitskell's insistence that it was the terms of membership that still most mattered pre-dates Labour's internal divisions. While adopting a position on membership now would probably split the party, supporting British membership too early also risked backing accession before the terms of entry were known. To this end, prolonging the point at which Labour would make clear its stance on EEC membership was fully justifiable.

[20] Minutes of home policy sub-committee meeting, 10 July 1961, NEC minutes, 26 July 1961, LHA; Report of Labour-TUC meeting, 14 July 1961, Econ. Ctee. 11/1, 9 August 1961, MSS 292B/564.7/2, TUC, MRC.

[21] Gaitskell to Ennals, 12 July 1961, box 3, LPID, LHA.

[22] Minutes of meeting, 1 August 1961, PLP minutes, 1960–61, LHA.

[23] For instance, Gaitskell to Donnelly, 5 December 1961, box C/285, Gaitskell papers, UCL.

Beneath this seemingly impartial tone, however, did also lurk signs that Gaitskell now doubted whether the Macmillan government could secure adequate conditions from Brussels. An unguarded moment at the Salzburg SI contact committee meeting held on 4–6 January 1961 indicated precisely this, the Labour leader stating that there were 'substantial differences' between the Seven and the Six and that he was 'gloomy' about the chances of securing acceptable terms for the Commonwealth in an enlarged Community.[24] Concern about the improbability of success was also the main topic of conversation during Gaitskell's lunch with Hetherington just a week later. The economic value of British membership was acknowledged, but so too was the dubiety that the Six would ever yield to Britain's demands concerning imports of foodstuffs from the Commonwealth. The government, Gaitskell told Hetherington, ought instead to negotiate a free trade deal with the Community using a 'product by product approach' with the long-term aim of reaching a 'three-tier solution'. Quite what he envisaged was also recorded by the *Guardian* chief: 'There would be the inner ring of the Six with their customs union. They would have a low tariff between them and the outer ring of the Seven. Beyond that would be the rest of the world'.[25] It would thus not be unreasonable to argue that at the start of 1961 Gaitskell remained committed to EEC membership providing the terms were adequate, but also that the Labour leader was now more readily convinced than before that these terms were themselves unlikely to be met.

The SD and the prospect of membership

Such sentiments merely throw into greater relief the stark differences that were beginning to emerge between the Labour leadership and its Danish counterpart. As the British Conservative government stepped up discussions with the Germans and French about a possible summer application, so the SD government in Copenhagen started to take the necessary steps to ensure that a Danish application could be launched almost simultaneously.[26] Any doubts that Labour and other socialist groups may have had about the SD's intentions, meanwhile, finally evaporated in July thanks to the intervention of Per Hækkerup at a SI contact committee meeting. In a lengthy speech on the benefits of Community membership Hækkerup claimed that 'EFTA is not progressing at the same pace as EEC', that the SD now had 'the firm impression that the British government has already

[24] Krag's notes of Salzburg conference, January 1961, box 144, Krag papers, ABA.

[25] Note of meeting with Gaitskell, file 2/14, 11 January 1961, Hetherington papers, BLPES.

[26] Krag to Home, 14 April 1961, box 48, Krag papers, ABA; Heath to Krag, 26 April 1961, FO 371/159261, TNA.

taken its decision' on launching an application, and that Denmark was ready to follow suit by delivering its own application for full membership. As if to illustrate the point, at that same meeting Wilson offered a highly cautious assessment of the Community. He began by stating that the Six 'must learn that the world does not revolve around Europe' and that the old Commonwealth were against Britain's joining due to the negative effect the Six's agricultural policy could have on third countries, before concluding: 'My own opinion is that, if Britain limited herself to entering a customs union, there would be great disappointment'.[27] The contrast between the future Labour leader and the SD's soon-to-be foreign minister could hardly have been clearer.

Equally apparent from January 1961, however, was the extent to which the SD more broadly did share with Labour the fate of an emerging and increasingly public division between those supportive of EEC membership and those opposed to a closer relationship with the Six. Among the most vocal critics of Danish entry were Hans Rasmussen, the chair of the National Union of Smiths and Machinists (DSM) and vice-chair of the SD, and Alfred Petersen, leader of Denmark's largest union, the Danish Labourers' Union (DAF). This mattered not simply because the two unions were important actors in their own right which continued to enjoy a strong hold over both trade union affiliated SD parliamentarians and the often SD-voting trade union rank and file. It was also important because via the LO both were members of the SD executive and major financers of the party. In this sense their stature matched that of the trade unions in Britain, who had long taken seats on the Labour NEC and were responsible for a huge proportion of Labour funding. And as was the case with British trade unionists and the Labour elite, this meant that a negative stance on the EEC adopted by Petersen and Rasmussen could feasibly cause all sorts of problems for the SD leadership. Rasmussen's speech at the party's annual conference in June in fact did precisely this, being as it was symptomatic of both a still vehement strain of anti-German feeling in Denmark and also more general concerns about whether EEC membership might weaken Denmark's extensive welfare system: 'Within the Six, Germany occupies an overpowering position of dominance […] We cannot grant to German ministers the right to decide the level of unemployment in this country'.[28] This was the spark for a few SD members to express their worries about German immigrants taking Danish jobs.[29]

[27] Report on contact committee meeting, 2 July 1961, 27 July 1961, box 675, SD, ABA.

[28] Cited in Nielsson, 'Denmark and European integration', 532.

[29] Notits ved. hovedproblemer i forbindelse med Danmarks eventuelle tilslutning til Det europæiske økonomiske fællesskab, 25 July 1961, box 48, Krag papers, ABA.

Such rhetoric was no doubt dampened by the rather more emollient attitude of LO chair Eiler Jensen.[30] But a quite contrary position was soon adopted by the AE, which promoted 'strengthening the sense of community that has prevailed among the Nordic countries for over a century' rather than joining the Six.[31] And perhaps more damaging still was the decision by *Aktuelt* – the principal media organ of the party and one of the most widely circulated newspapers in Denmark – to come out against Danish entry. Its reasoning, a mixture of concerns about the weakness of trade union influence in the Community and fears that membership might undermine existing policies in areas such as unemployment benefits and sickness insurance, was only ever likely to strengthen the anti-EEC mood within SD ranks.[32]

This backlash came at precisely the time when Denmark most needed a resolution to its agriculture quagmire. By the spring of 1961 the highly volatile environment for agricultural sales provoked the Agricultural Council to pressure the government into introducing a system of state aid to help the agricultural sector increasingly depressed by lower wages, falling sales and increased costs. An extension of the trade deal earlier agreed with West Germans went some way to soothing the agricultural lobby's most immediate concerns. So too did the decision by Kampmann to heed the Council's advice and instigate a system of state subsidies for agricultural producers. But this would prove woefully expensive. By the end of the decade, subsidies would amount to a cripplingly aid scheme of 600 million kroner, or nearly one-third of the income generated by Denmark's entire agricultural sector. A constant thorn in the side of future governments was therefore born. Even from the perspective of 1961, the benefits promised by the Six's common agricultural policy, not least easy access to the valuable German market, potential subsidies from Brussels and a guaranteed system of high prices, had never looked more enticing.

The talks begin

If this less than total support of EEC membership already demonstrated the scale of internecine strife within the parties, two further developments in the weeks following Macmillan's speech served simply to compound the situation. The first came in early August when the Commons debated the merits of the recently announced British application. Gaitskell once again

[30] Jensen to Kampmann, 20 October 1961, box 91, AE, ABA.

[31] Udkast til en almindelig aftale om nordisk samarbejde, November 1961, box 91, AE, ABA; Paldam to Krag, 11 July 1961, box 62, Krag papers, ABA.

[32] *Aktuelt*, 8 September 1961.

struck a balanced tone, echoing Macmillan's three conditions that would have to be met before Labour would support the application – protection of Commonwealth trade, British agriculture and EFTA – before adding two of his own: first, that Britain should be free to carry out economic planning and, second, that London ought to be able to pursue its own foreign policy.[33] But the outlining of Gaitskell's so-called five conditions was easily and rather dramatically overshadowed by Wilson's hyperbole that EEC membership would equate to Britain abandoning the Commonwealth 'for a problematic and marginal advantage in selling washing machines in Düsseldorf'.[34] The outburst had clear short-term implications – Jenkins chose immediately to resign from his relatively junior shadow ministerial role since he would otherwise have been barred from speaking out against the shadow chancellor – but surely more pivotal were the long-term ramifications. For the speech in effect paved the way for all those in the party discontented with Gaitskell's wait and see stance openly to campaign against the application. Little wonder then that at Labour's autumn conference in Blackpool a good number of MPs felt able to break with the agreed compromise.[35] And with similar vehemence the NEC and various constituency parties similarly now felt compelled to turn more firmly against entry, no doubt encouraged by Wilson's appointment as shadow foreign secretary later in November.[36] The fragile unity that had pervaded Labour at the start of 1961 had by year's end completely disintegrated.

The second development in the summer of 1961 arose when hot on the heels of the British bid Copenhagen formally delivered its own request to Brussels on 10 August. What was always going to be a political headache for the SD leadership was the need to find the necessary parliamentary approval for such a move.[37] Part of the problem was that the Danish constitution stipulated that any transfer of sovereignty required a five-sixths majority in the Folketing, with the further expectation that all foreign policy, including the country's relationship with the Community, would proceed only if there existed parliamentary consensus on the matter. Complicating matters in this regard was the presence of the newly elected SF, which could be expected to vote against membership. And with the application came the decision of the Folketing to establish a market committee designed specifically to monitor the state of the negotiations, giving parliament a direct say in the process of the government's talks with the Six.

[33] *Hansard*, HC Deb, 2 August 1961, vol. 645, cols. 1494–1507.
[34] *Hansard*, HC Deb, 3 August 1961, vol. 645, col. 1665.
[35] LPAR 1961, 211–27.
[36] Resolutions received, RD.176/October 1961, NEC minutes, 20 December 1961, LHA.
[37] Lidegaard, *Jens Otto Krag I*, 703–4.

A combination of these factors meant that a united SD front in favour of the application would be crucial to any bid. But the debates prior to the application merely affirmed that some SD parliamentarians had little intention of supporting Danish entry.[38] Total disaster was, fortuitously, avoided when Krag agreed to establish a three-part negotiating mandate upon which the government would approach talks with Brussels. Danish membership would therefore depend entirely on a successful British application, would have to be accompanied by an expansion of Nordic integration and would only occur if other EFTA members were fully accommodated in an enlarged Community.[39] But despite this exercise in party management it was equally clear that sceptical members of the SD had not suddenly converted to be in favour of entry. As a meeting of the party's national committee on 15 August indeed made clear, many remained sceptical. Rasmussen for one was concerned that the party were pursuing entry simply to appease the opposition. Others were anxious about the impact of membership on Denmark's relationship with its Scandinavian neighbours.[40] The scars from this early battle would not easily fade.

Alongside these party developments were signs very early on that the pace of London's negotiations with the Six would at best be glacial. Hampering talks in this regard was the complicated method chosen to negotiate British accession, with discussions taking place at both ministerial and official levels, often accompanied by preliminary discussions in working groups to thrash out the more technical aspects of the subject at hand and preceded in each case by a coordination meeting among the Six to ensure they could confront wherever possible the British as one unified force.[41] The real problem, however, came not from the system used to negotiate accession, but from the apparent irreconcilability of positions adopted during the talks themselves. This was most clearly the case in the fundamental incompatibility that soon emerged between Britain's desire to protect Commonwealth trade and the existing direct payments system for domestic farmers, and the attempt by the Community to create both a common external tariff and a common agricultural policy. The first substantive discussions between Britain and the Six in October 1961, indeed, did nothing other than expose the gulf between these two goals. And meetings over the winter of 1961 and into the spring of the following year – despite seeing a number of breakthroughs relating to the status of the Commonwealth countries in an enlarged EEC and the treatment of British imports from the Indian sub-continent – likewise failed

[38] Folketingets forhandlinger, 1960–61, cols. 4673ff., 3–4 August 1961.
[39] Folketingets forhandlinger, 1960–61, col. 4786, 4 August 1961.
[40] Forretningsudvalgsmøde, 15 August 1961, box 156, AE, ABA.
[41] See Ludlow, *Dealing with Britain*, 67–69.

to hide just how fundamentally different the British vision of its entry was from that of the Six.[42] Claims by Macmillan just months earlier about the difficulties negotiators would likely face had been shown to be amazingly prescient.

Rather more encouraging for the SD government was the early progress made on its own discussions with the Six. The Danish bid was always likely to benefit from simply posing far fewer problems that the corresponding British application. The SD for its part had made it clear from the start that it accepted not only the spirit and letter of the Treaty of Rome but also the long-term political ambitions of the Community's founder members. This meant there was never really any doubt among the Six about the extent of Denmark's commitment to the Community and its institutions as seemed to be the case with Britain. While Danish officials were certainly not without demands, moreover, any points of contention were likely to be minor when compared with the vast number of special requirements that were likely to be needed by London. In his presentation of the Danish application on 26 October 1961, Krag could thus claim with some justification that there was little standing in the way of a swift Danish accession. Entry would have to be accompanied by a commitment that Denmark's social welfare system would not be adversely affected by membership. So too would entry have to accommodate Denmark's existing obligations to the Nordic common labour market and social security system, which ever since their formation in 1954 and 1955 respectively had afforded free movement and a degree of economic cooperation within the Nordic region. Similarly, the SD foreign minister asked for an arrangement that would help ensure the competitiveness of Danish food exports within the Community's evolving agricultural system. And he likewise requested a transitionary period for tariff reductions on certain manufactured and semi-manufactured goods to help Denmark's still nascent industrial sector adjust to competition from the Six. But, as Krag himself acknowledged, none of these exceptions would require wholesale treaty change but could instead easily be accommodated by a series of protocols agreed once Denmark had joined. The only immediate requests Krag therefore had were that during the negotiating period Danish officials be allowed to partake in the Six's own discussions about the creation of CAP and those being held with Britain, and that Denmark's EFTA partners, especially the other Nordics, each be given a fair settlement with the Community.[43]

[42] For developments, see Ludlow, *Dealing with Britain*, chap. 3; Jacqueline Tratt, *The Macmillan Government and Europe: A Study in the Process of Policy Development* (London: Macmillan, 1996), 102ff.; Camps, *Britain and the European Community*, 367–90.

[43] Hovedpunkterne i den danske udenrigsminister Krags redegørelse på mødet med

Despite this early optimism, it quickly became apparent that there were in fact a variety of issues that would first need to be tackled before Denmark stood any chance of joining the Community. By far the most contentious was agriculture. Hampering Denmark's talks in this area was the cost of grain, where the artificially high price required by the Six's planned agricultural policy risked increasing the costs of Danish livestock production and almost overnight denting the competitive advantage that the bulk of Danish farmers hoped to enjoy from access to the Community market.[44] But as the Six and the Commission both moved to block Copenhagen from having any say over the introduction of the CAP or taking part in the talks with Britain, there seemed little Danish negotiators could do. The second problem related to agriculture was that the Six were unlikely to yield to Danish requests for short-term protection from the Community's external tariff. The principle implications of this were almost certainly economic in complexion – not extending tariff protection would mean exposing Danish industry to competition before much of the sector was fully modernised – but there were also domestic political consequences, since membership would become that much harder to justify.

Arguably trickier was a problem almost wholly political in nature. As Denmark's technical talks with the Six transitioned into official talks at the start of 1962, it became increasingly axiomatic that acceptance of Community law would interfere with a number of electorally sensitive areas for the SD. One was the relationship with Norway and Sweden, where officials now feared that they would be unable to reconcile membership of the EEC with existing intra-Nordic trade commitments. Nor did it seem likely that Copenhagen would retain complete control over its welfare system, with areas such as labour law requiring pan-Community agreement. All of this was exacerbated still further by the realisation that, because of the Commission's attempts to liberalise business practices, membership might well see the influx of German businesses, capital and people into southern Denmark. Fears of another German 'invasion' were clearly exaggerated, but the image of Germans buying up Danish summer cottages by the dozen were nonetheless very real for a handful of Danish officials and public alike.[45]

Viewed as a whole, these points were not necessarily fatal to the Danish bid. Krag himself recognised that Danish industry needed to modernise

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repræsentanter for Det europæiske økonomiske Fælleskab i Bryssel, 26 October 1961, box 48, Krag papers, ABA.

[44] The best explanation for this remains Laursen, 'Next in line', 216–18.

[45] For a sense of Krag's exasperation about the immigration issue, Svar til Dahlgaard og Paldam, 8 July 1961, box 48, Krag papers, ABA. See also Lidegaard, *Jens Otto Krag II*, 23ff.; Engberg, *I minefeltet*, 74.

regardless of whether Denmark joined the Community.[46] And it was likely that the Community would reach at least an interim settlement on grain prices that would prove acceptable to Copenhagen.[47] The hints of flexibility from both sides detected in a series of ministerial meetings in Brussels over the summer of 1962 thus demonstrated that, despite the unexpected setbacks of the talks, not only were the SD still extremely determined to see Denmark take its place at the Community table but the Six too were likely to find some way of having Denmark join an expanded EEC.[48] With so much at stake, this renewed enthusiasm at the European level was more than matched at the domestic level, when Krag – who, after years of waiting, finally assumed the SD leadership and premiership in September 1962 – sought to build a domestic consensus around the bid by stating more clearly the political case in favour of Danish entry.[49] There hence appeared still to be every chance that Denmark would join the Community as Krag and pro-Europeans in the SD had long hoped.

But waiting in the wings were two developments that would seriously dampen the new prime minister's mood. One was the looming prospect of failure in Britain's own negotiations. As has already been hinted at above, London's talks with the Six had by the summer of 1962 become bogged down with little indication of whether differences could ultimately prove reconcilable.[50] This situation was only made worse in September by the less than lukewarm welcome given to the terms of British accession by Commonwealth prime ministers.[51] Given that the negotiating mandate agreed by the SD government stipulated that the success of Denmark's bid rested on that of Britain's, the absence of any breakthrough in Brussels conspired to ensure that Copenhagen's negotiations were by late autumn also placed indefinitely on the back-burner.

The atmosphere of gloom deepened considerably as a result of the second development, namely, the very serious backlash from within the labour movement to the terms so far negotiated by Danish officials. More

[46] Fremtidens Politik, Forhandlingsprotokol for Socialdemokratisk forbunds Hovedbestyrelse og forretningsudvalg, 1960–69; 1972, SD, ABA.

[47] Hovedbestyrelsesmøde i Folketinget, 27 April 1962, SDA, Forhandlingsprotokol for Socialdemokratisk forbunds Hovedbestyrelse og forretningsudvalg, 1960–69; 1972, SD, ABA.

[48] Danish reply to EEC questionnaire DK/T/3/62 concerning décalage, 7 May 1962, box 156, AE, ABA; Ministermøde, 21 June 1962, box 1566, SD, ABA.

[49] Referat af Socialdemokratiets årsmøde, 25–26 August 1962, Forhandlingsprotokol for Socialdemokratisk forbunds Hovedbestyrelse og forretningsudvalg, 1960–69; 1972, SD, ABA.

[50] Heath to Krag, 9 August 1962, box 63, Krag papers, ABA.

[51] See Camps, *Britain and the European Community*, 434–44.

and more trade unionists, for instance, made statements indicating that they were moving steadily against entry out of concern that Copenhagen had failed sufficiently both to defend Denmark against the threat posed by the movement of labour and also to secure existing intra-Nordic relations and workers' rights. It fell to Alfred Petersen to announce that a solid proportion of the Danish labour movement now resoundingly rejected entry. For Petersen, Community entry did nothing but threaten employment and social and labour market rights. But there was also a clear disdain for supranationalism mixed with a viewed that, politically, culturally and socially, 'something' fundamentally would change should Denmark become a Community member. As Petersen himself remarked, Denmark was indeed likely to accrue some economic benefits by joining the Six, but he and many others were prepared to be poorer if they were able to remain 'free citizens in a free country'.[52] Given the growing weight of opposition within the Danish labour movement against entry, whether or not the British negotiations actually succeeded now seemed somewhat academic.

Krag might perhaps have taken some solace in the fact that such a shift against entry was by no means restricted to the SD. Within Labour too the movement in opposition to membership had throughout 1962 steadily gained pace. Gaitskell himself seems to have become increasingly irritated by the situation in Brussels – as an incredibly tense meeting with Jean Monnet in April proved[53] – but he nevertheless understood the importance of keeping rigidly to the July 1961 mandate. The message proffered in his 8 May 1962 television broadcast hence reflected the same poised approach that he had long expounded.[54] No change in Gaitskell's basic position therefore appeared imminent. Castle even commented that the broadcast 'had edged us a little nearer to a position in which it would be very difficult to reject the terms'.[55] But the same could not be said for others in the party, who were ever more critical of British entry. Most notable was the emergence over the summer of the Labour Committee on Britain and the Common Market, a group of PLP figures led by MPs John Stonehouse (Wednesbury) and William 'Billy' Blyton (Houghton-le-Spring), and whose ranks included Castle from the left of the party and Jay and the Richard Marsh (Greenwich) firmly on the Labour right. This group even received the backing of former prime minister Clement (now Lord) Attlee, who

[52] Dansk Arbejdsmands- og Specialarbejderforbund, *Arbejdsmændenes og specialarbejdernes fagblad*, 23 (1962), 510.

[53] Philip M. Williams, *Hugh Gaitskell* (Oxford: Oxford University Press, 1982), 708.

[54] Transcript of party political broadcast, 8 May 1962, box C/255, Gaitskell papers, UCL.

[55] Castle diary, entry 14 May 1962, MS Castle 6, Barbara Castle papers, Bodleian.

released a message warning that the Conservative government 'should not be justified in hastily handing over substantial power' to Brussels and chastising Macmillan for prioritising 'tariff preferences in favour of foreign countries and against countries in our own Commonwealth'.[56] As the autumn conference season approached, all eyes were therefore on Gaitskell to see whether he too would finally move away from the fence that he had strategically inhabited for much of the last two years.

Gaitskell's conference speech

At first sight, Gaitskell's 3 October conference speech, with all its evocation of 'a thousand years of history', did not disappoint. Having for so long maintained a balanced, even mildly positive stance on membership, the whole ethos of the speech appeared anti-entry. True, the Labour leader again emphasised that the economic arguments were equitable. But he now chose to place far greater emphasis on the problems of joining, not least the perceived effect of the Community's common tariff on British Commonwealth imports. So too was Gaitskell rather more pessimistic about the political implications of entry. On the issue of federalism, for instance, Gaitskell warned that there was no protection against the creation of a 'United States of Europe'. And for Gaitskell the implications of this would be felt far beyond Britain: 'How can one really seriously suppose that, if the centre of the Commonwealth is a province of Europe, it could continue to exist as the mother country of a series of independent nations? It is sheer nonsense'.[57] The net effect was that Labour would not support entry on the terms so far negotiated by the Conservative government.[58]

Why had Gaitskell chosen so provocatively and so passionately to reject the government's application for membership? That anti-marketeers were seemingly content with the performance might lend support to those who view the Labour leader as having attempted to unify an otherwise hopelessly divided party.[59] More damning is the verdict that Gaitskell was firmly closing the door to entry out of sheer dislike of the Community

[56] Labour Committee on Britain and the Common Market: Message from Lord Attlee, 29 July 1962, box C/256.8 (1), Gaitskell papers, UCL.

[57] LPAR 1962, 154–65. On the speech, Broad and Daddow, 'Half-remembered quotations'.

[58] An amendment tabled later in November stated, 'the terms so far provisionally negotiated do not satisfy […] the binding pledges given by Her Majesty's Government' and called upon the government 'to negotiate terms which secure these essential conditions and fulfil the government's own pledges', LPAR 1963, 68.

[59] *Daily Mirror*, 12 October 1962. See also Michael R. Gordon, *Conflict and Consensus in Labour's Foreign Policy, 1914–1964* (Stanford, CA: Stanford University Press, 1969); Robins, *Reluctant Party*.

project.[60] More recently, Gaitskell's speech has been characterised as somewhat catch-all, with the leader apparently acting as he did to help win an election, satisfy the left and unite the party.[61] In practice, however, there is no real need to resort to such microscopic inspection of Gaitskell's rationale. Looked over a broader period, Gaitskell seems to have been motivated as he always had been by a desire to judge whether the terms of entry were adequate.[62] The difference admittedly was that Gaitskell was now finally providing an answer to a test that he had himself set. But little of his rhetoric suggests that he had been anything but consistent.

Among Gaitskell's primary concerns was doubtless the issue of Commonwealth exports to Britain. By October, British negotiators had successfully arranged for developing Afro-Caribbean Commonwealth states to be included as associate EEC members, thereby securing existing trade with Britain. And they had similarly obtained agreement on a number of key product areas such as tea and textile imports from the Indian sub-continent. But the Labour leader had identified an array of issues that precluded his support for entry on the terms as they stood. The arrangements for New Zealand dairy exports to Britain were described as non-existent; trade agreements for India, Pakistan and Ceylon were seen as inadequate; and concern was expressed about those Commonwealth countries unwilling to associate with the Community as had been agreed by London and Brussels.[63] Added to this was trepidation both that the Community's planned system of agricultural tariffs would damage British farmers and that the neutral EFTA states were unlikely to be offered acceptable association deals, the latter which seemed now to irk the Labour leader in the same way it had Wilson in the summer of 1960.[64]

Neither point, crucially, translated into the Labour leader ruling out entry indefinitely. The NEC statement accepted by conference indeed called the EEC 'a great and imaginative concept' and claimed that the Community would 'play a far larger part in the shaping of [global] events in the 1960s and the 1970s than its individual member states could hope to play alone'.[65] These same sentiments were expressed in private. As Gaitskell put it in a letter to Arthur Calwell, the leader of the Australian Labor Party, written just a week before the October conference, there 'remains the possibility that

[60] *Sunday Pictorial*, 18 September 1962.

[61] Steinnes, *British Labour Party*, 75–77.

[62] Haseler, *The Gaitskellites*; Parr, *Britain's Policy*; Williams, *Hugh Gaitskell*.

[63] *Sunday Pictorial*, 18 September 1962.

[64] Note of discussion between Gaitskell and Halvard Lange, 1 June 1962, LP/ID/NOR/1, LPID, LHA; *Sunday Pictorial*, 18 September 1962.

[65] Labour and the Common Market: Statement by the NEC, September 1962, box 1, Beever papers, LHA.

after all the Six will make the kind of concessions for which we have asked. If this is so and the Commonwealth is reasonably satisfied, it is still true that we should not oppose entry'.[66] This same message was repeated in a meeting with Alastair Hetherington held the following day.[67] And the same point – that it was the terms of entry that most matter, not the act itself – was again emphasised in a letter to John F. Kennedy penned in mid-December.[68]

A memo accompanying the letter to the American president provides further insight into the timing of Gaitskell's decision. The Labour leader himself acknowledged that at first the prospects of negotiating acceptable terms 'did not seem too bad', that over the spring of 1962 the Labour leadership 'remained reasonably hopeful' and that as late as July he was both content to support entry and prepared 'to handle the extreme anti-marketeers' since it would have constituted 'the only course consistent with the line we had followed'. But, as Gaitskell made clear, the combination of a perceived unfair deal for the Asian Commonwealth on access to the British market and the government's failure to negotiate a 'half-way house between our system of agricultural payments and the continental one', meant that by early August he had grown 'bitterly disappointed and indeed astonished at the provisional agreements reached'. The September meeting of Commonwealth governments had only confirmed such suspicions. According to Gaitskell, his speech to the Labour conference in October was simply a reflection of this new reality:

> I myself was criticised by some for the tone of hostility which I was alleged to have displayed to 'Europe'. I do not accept this at all. But, of course, I was spelling out the case against unconditional entry and deliberately rousing the party against what the government had done and issuing what might be called a 'mobilisation warning' in view of what seemed to be an inevitable major clash with the government.

Gaitskell also tackled the issue of whether the conference speech was an act of political gimmickry designed to unite the party and bring down the government in an election. As he put it, 'Such motives are not in my view always dishonourable. But the allegation in this case is utterly false'. He continued:

> I took the view that either the government would obtain sufficiently good terms to justify us in supporting them or that the terms would be too bad for them to proceed at all. On this I was wrong – and it is this – their

[66] Gaitskell to Calwell, 26 September 1962, box C/316, Gaitskell papers, UCL.

[67] Note of meeting with Gaitskell, file 3/14, 11 September 1962, Hetherington papers, BLPES.

[68] Gaitskell to Kennedy, 11 December 1962, box C/257, Gaitskell papers, UCL.

> decision to go ahead despite the fact that the terms were in flagrant breach of their pledges and therefore quite unacceptable to us – which has brought this whole matter into the arena of party politics in Britain.

And when ending the memo, Gaitskell described how entry on the right terms at some point in the future remained a possibility: 'I do not want you to conclude that I am opposed in principle to our entry into the EEC. It is simply that I do not see it in any way as a black or white issue. On balance, given the terms which we have laid down, we should most certainly go in […] But if because we cannot get the right terms, we stay out'.[69]

Isolated Danish membership?

Hope that Labour might one day accept the terms of British Community membership did little to soothe SD reaction to Gaitskell's conference speech. Upon becoming prime minister, Krag had written to the Labour leader stating that he had been following the development of Labour's European policy 'with the greatest interest' and that he hoped 'the Labour Party does not complicate the problems for the next UK government more than absolutely necessary'.[70] In the event, the SD felt badly let down by what it saw as the overtly anti-European character of Gaitskell's address. Reporting back on the conference for the party executive, SD secretary Niels Matthiasen criticised the speech as having handed victory to Labour's left wing with an address inspired by Victorian conceptions of Britain and its global strength.[71] This somewhat riled tone contrasted with the more reserved note struck by Matthiasen in a letter to David Ennals, Labour's then international secretary, but the point was identical: 'I assure you that I enjoyed my stay very much in spite of the rather sad development with regard to Labour's attitude towards [the] EEC'.[72] Labour–SD relations had hit a new low.

The rhetorical ferocity of the SD's reaction can be explained by two factors. First, the leadership was well aware that Gaitskell's speech, and the perceived if not actual anti-Community shift that it appeared to

[69] Memo by Gaitskell attached to Gaitskell to Kennedy, 11 December 1962, C/257, Gaitskell papers, UCL. See also Transcript of speech at Anglo-American Association Paris, 3 December 1962, C/257, Gaitskell papers, UCL.

[70] Krag to Gaitskell, 3 September 1962, box C/255, Gaitskell papers, UCL.

[71] Matthiasen to Hækkerup, 13 October 1962, box 352, SD, ABA; Hovedbestyrelsesmøde i Folketinget, 25 November 1962, Forhandlingsprotokol for Socialdemokratisk forbunds Hovedbestyrelse og forretningsudvalg 1960–69; 1972, SD, ABA.

[72] Matthiasen to Ennals, 19 October 1962, box 352, SD, ABA.

engender, would probably have an impact on the mood within the SD itself. The twists and turns of Labour politics were watched closely by the SD's own members and heavily reported on in the Danish press. Any hint of a change in Labour policy might therefore reasonably be expected to strengthen the anti-European platform within the SD. Alongside this, the second concern centred on whether Gaitskell's turn against the application might follow him into government. Like many observers of British politics in 1962, the SD widely expected that the next general election, due to be held at the latest in the autumn of 1964, would see the Conservatives voted out of office. Were both the present application to fail and Labour indeed to win the next election, a Labour government committed to remaining outside the Community would prove a highly toxic mix as far as Danish economic interests were concerned. Denmark, and especially its agricultural sector, had simply too much riding on British accession to allow a future Labour government to back away from Brussels.[73]

There was, however, little time to waste on a detailed autopsy. For Gaitskell's speech was soon overtaken by developments at the European level. Amid the furore over the Labour conference, passed almost unnoticed was the fallout of two ill-tempered October meetings of the British and the Six, both of which in setting a timetable for future ministerial meetings all but confirmed that the negotiations would not be sewn up by the end of 1962.[74] If this proved a disappointment, still more disheartening for both Copenhagen and London was the result of an Anglo-French summit held in the northern French commune of Rambouillet later in December. The gathering brought together a Macmillan exhausted by months of negotiations and showing all the signs of weariness thanks to domestic party fractures, and a de Gaulle buoyed by a recent general election victory. Domestic fortunes were not the only thing separating the two men. As the French president confirmed, the application and subsequent negotiations had done nothing to convince him that Britain ought to accede to the Six. The reasons for de Gaulle's intervention were many, but at the heart of the deadlock lay concerns over whether Britain was ready to become truly European and, even if it were, whether British entry would not alter too greatly the character and political direction of the Community. Macmillan's riposte that Britain was indeed European, that it supported European political union sought by Paris and that Britain's exclusion would have dire consequences for French

[73] Krag admitted as much to the Labour leader. Krag to Gaitskell, 3 September 1962, box F/20.3, Gaitskell papers, UCL.

[74] Ludlow, Dealing with Britain, chap. 5.

exporters, seemingly fell on deaf ears. The fate of Britain's negotiations had finally been decided.[75]

None of the claims about the perils of British entry made in de Gaulle's 14 January 1963 press conference was therefore new or particularly surprising.[76] What almost certainly did shock London was the offer from the French president outlined to Krag on a visit to the Élysée Palace just 12 days later. This went along the lines of Denmark – and only Denmark – could enter the Community as either a full member with all the economic and political consequences or instead as an associate member with some sort of deal for agriculture.[77] Even more alarming from Britain's perspective was Krag's response that at best bordered on ambiguity.[78] Krag admittedly emphasised to de Gaulle that Denmark's ultimate goal was still that of an enlarged Community comprising Britain, Denmark and the remaining Nordic states. And speaking at a press conference shortly after the meeting, the SD leader likewise explained that the Danish had no wish to join or associate with the Community unless an acceptable solution could be found for Britain and the other Nordic countries. Reflecting the now well-trodden concerns about agricultural exports to the Six, however, Krag footnoted his comments by adding that the SD government had a duty to find some way out of the present impasse and that the president's proposal would consequently be 'carefully studied'.[79] De Gaulle's solution was no panacea, but a breakdown in the negotiations and the stark realities of Denmark's economic plight meant it was simply too good to refuse out of hand.

As many were quick to point out, de Gaulle's proposal was not entirely selfless. The Danish press almost uniformly denounced the president for twisting the knife in the British wound and in the process dragging Denmark into what was essentially an Anglo-French quarrel.[80] And Danish diplomats appear themselves to have been aware of the political undertones

[75] For discussion on de Gaulle's motives, Frédéric Bozo, *Deux Stratégies pour l'Europe: De Gaulle, les États-Unis et l'Alliance Atlantique, 1958–1969* (Paris: Plon, 1996), 89–94; Milward, *United Kingdom*, 63–83; Andrew Moravcsik, 'De Gaulle between grain and *grandeur*: The political economy of French EC policy, 1958–70', *Journal of Cold War Studies*, 2, 3 (2000), 4–68.

[76] Transcript of de Gaulle press conference, 14 January 1963, available at http://aei.pitt.edu/5777/1/5777.pdf (last accessed 5 July 2015).

[77] Ministermøde, 22 January 1963, box 1566, SD, ABA. Morten Rasmussen makes the point that according to French sources it was Krag himself who asked de Gaulle about isolated Danish accession, see Rasmussen, 'Joining the European Communities', 246. It is also telling that Danish sources on the conversation are virtually non-existent.

[78] Dixon to FO, telegram number [henceforth tel. no.] no. 128, 27 January 1963, FO 371/171354, TNA.

[79] Shuckburgh to FO, tel. no. 28 January 1963, FO 371/171354, TNA.

[80] *Politiken*, 27 January 1963; *Berlingske Tidende*, 28 January 1963; *Børsen*, 28 January 1963; *Jyllands Posten*, 28 January 1963.

of the proposition.[81] The difficulty was that as many were lining up to preach its virtues. The least surprising of these was former prime minister and Agrarian Liberals leader Erik Eriksen, who as a champion of the agricultural sector claimed de Gaulle's proposal offered Denmark 'the freedom of manoeuvre which she desperately needs'.[82] More notable, and for London rather more unsettling, were the subsequent comments made by Per Hækkerup, the now SD foreign minister. Hækkerup admittedly stopped short of endorsing either isolated entry or association. But he did insist that the Brussels breakdown obliged the government to scrutinise exactly what both options proposed by de Gaulle would entail. And he likewise claimed somewhat euphemistically that the SD leadership had a duty to 'maintain and develop Danish exports'.[83] This merely added to the sense of alarm now pervading in the corridors of Whitehall.[84]

In truth, the likelihood that Krag would take de Gaulle up on his offer of isolated Danish entry to the Community was always slim. After all, the SD leadership was still very much alive to the need for Denmark to join the Community alongside Britain if it hoped truly to solve Denmark's economic difficulties. Combining the British and German markets under one economic roof continued indeed to run as leitmotif through SD European thinking and nothing about de Gaulle's offer stood fundamentally to change this calculation. There was at this stage also scant chance of meeting the necessary five-sixths parliamentary threshold in favour of isolated entry, not least because of opposition variously of some SD parliamentarians and members of the SF. The Danish roar looked to be nothing more than a paper tiger.

De Gaulle's proposal for association was nevertheless widely debated at a party and governmental level. The SD parliamentary group accepted that the ongoing troubles of the agricultural sector necessitated an investigation into quite what association would mean, with a loose solution that provided nothing more than agreement on specific products considered a possible route.[85] This same theme was picked up by SD parliamentary speaker K.B. Andersen in a debate on 13 February. Andersen admittedly rejected the

[81] Bartels to Fischer, 3 February 1963, box 64, Krag papers, ABA; Danish permanent representative to NATO's comments in Shuckburgh to FO, tel. no. 24, 28 January 1963, FO 371/171354, TNA. See also Lidegaard, *Jens Otto Krag II*, 82ff.; Rasmussen, 'Joining the European Communities', 136–38.

[82] *Aktuelt*, 27 January 1963. See also Henniker-Major to FO, tel. no. 43, 30 January 1963, FO 371/171355, TNA.

[83] Folketingets forhandlinger, 1962–63, cols. 2654ff., 8 February 1963; Henniker Major to FO, tel. no. 31, 28 January 1963, FO 371/171354, TNA.

[84] Henniker Major to Mason, 6 February 1963, FO 371/171355, TNA.

[85] Ministermøde, 2 February 1963, box 1566, SD, ABA.

assumption that Denmark could join the Community without Britain, but also called on the government to exploit all openings for Danish exports.[86] And a meeting of SD ministers was even more forthright, claiming that Denmark would be unable to sustain its existing commitments to EFTA should the government fail to agree an adequate solution for agriculture with Community member states.[87] As in the weeks after the FTA breakdown, the SD was therefore at least prepared to contemplate a situation in which Denmark would occupy a different position in European affairs, more intimately connected to the Community and divorced somewhat from Britain. What differed now was both the open nature of these discussions and that a much greater proportion of SD parliamentarians accepted the status quo was clearly unacceptable. Many of the party's MPs may well have remained unconvinced of the case for full EEC entry with or without Britain, but they were as unwilling to condemn Denmark to ever more economically dangerous stalemate.

Riding two horses

Naturally, neither the possibility of Denmark joining the Community alone nor the chance that the SD would negotiate some form of new, more informal relationship with Brussels passed Whitehall unnoticed. While Krag's own papers do not reveal much on the point, it is not unlikely that another reason the SD leader himself seemed so open to de Gaulle's offer was to extract a more favourable deal for agriculture from Denmark's EFTA partners. If this was the case, Krag would doubtless have been pleased by initial developments. The first weeks of 1963 indeed featured a slew of initiatives designed to placate the Danes, the most meaningful of which were the creation of a working party to discuss immediate relief for Denmark's agricultural predicament and the establishment of an agricultural committee as a permanent forum for member states to negotiate concessions on trade in foodstuffs.[88]

Few of these proposals proved particularly effective, however. The report of the working party produced few ideas of any substance. And the agricultural committee would become nothing more than a talking shop, a forum in which Danish officials would air their grievances but where embarrassingly little substantive changes were made to how EFTA actually operated. Nor was there any great hope that Denmark could secure a better deal through bilateral agreements. After all, whatever progress was made

[86] Folketingets forhandlinger, 1962–63, cols. 2826 ff., 13 February 1963.

[87] Ministermøde, 2 February 1963, box 1566, SD, ABA.

[88] See Rasmussen, 'Joining the European Communities', 139–42.

between Denmark and its EFTA allies – one example being an agreement with the British on the suspension of its tariff on Danish butter – came without any assurances that the deals reached would be permanent.[89]

Hostility to Danish concerns over agricultural exports fed through directly into the stance adopted by the SD leadership on possible Danish association. At least a handful of studies have indicated that Krag ended any hope of Danish association at the same time he ruled out isolated membership.[90] But what comes across very strongly from the archival material is that the negative reaction in EFTA to Denmark's predicament ensured the SD did keep alight the flame of association in some form well into 1963.[91] By early June, it was also apparent that most Community member states were themselves keen to expand trade opportunities with Denmark and in return resolve Denmark's agricultural problem.[92] By the summer of 1963 there was thus every indication that Denmark and the Six might move forward quickly on an agreement of some sort. In time Mansholt even began to speak of an 'association in agriculture'. Denmark would have to bring its cereal prices in line with the much higher Community level (making Danish agricultural exports less competitive) and give up part of its share in the British market in favour of the Six (transferring the sale of agricultural products and the purchase of energy, manufactured and machinery goods away from Britain towards the Community).[93] But in return for these not insignificant concessions, Denmark would be granted access to the facilities of the CAP as if it were a full EEC member.[94]

Superficially at least, an arrangement of this sort was highly attractive. Such little hope existed that Britain would soon join the EEC or agree to reform EFTA that any agreement providing Denmark access to the rich pickings of the Community market was to be welcomed. It would also be of symbolic importance for the SD government to pull off such a coup when it faced a mounting balance of payments problem and the ever more vocal wrath of the domestic agricultural sector. But as much of a major advance association would arguably be, there also existed several potential drawbacks. As was the case in 1959, part of the problem was that no one was entirely clear whether an agreement of the sort would be compatible with Denmark's existing commitments in EFTA. Furthermore, the shift in loyalties away

[89] Wolfram Kaiser, 'The successes and limits of industrial market integration: The European Free Trade Association, 1963–1969', in Loth, *Crises and Compromises*, 371–90.

[90] Rasmussen, 'Joining the European Communities'; Laursen, 'Next in line'.

[91] Stewart to Mason, 19 June 1963, FO 371/171356, TNA.

[92] Transcript of speech by Per Hækkerup at meeting of Zealand Smallholders Association, Copenhagen, 19 July 1963, in FO 371/171356, TNA.

[93] O'Neill to Majoribanks, 31 January 1964, FO 371/177340, TNA.

[94] Marjoribanks to Keeble, 21 January 1964, FO 371/177340, TNA.

from Britain towards the Six in the realm of industrial goods would be highly detrimental to Danish exporters, many of whom thanks to EFTA now exported considerably more manufactured and semi-manufactured goods to the Seven than just three years earlier. Yet the biggest problem was that association in whatever guise, and however attractive in terms of opening up the Community market for Danish agriculture, still did not solve the basic dilemma of bridging EFTA and the EEC. A huge amount of Danish trade was after all directed towards Britain and the Nordic states. This is not to mention that political sympathies within the SD and much of Danish society still very much lay with the Seven. Association would therefore not only be a hard sell politically but, as the SD leadership were themselves willing to admit, would be nothing other than a temporary fix. The basic schism between EFTA and the EEC would remain.[95]

Having once more been caught up in a fervour surrounding association, the SD leadership was thus again forced to recast its mind away from the idea – or, as one British official put it, learning 'the art of riding two horses at the same time'.[96] This did not mean abandoning completely the idea of negotiating some type of informal agreement with the Community on agriculture. But to this EEC stallion would be added a renewed attempt to secure another British application and in the meantime a hope that Copenhagen's counterparts in EFTA, London especially, would take more seriously Denmark's agricultural predicament. Unfortunately for the SD, and to extend the equine metaphor further, this horse proved to be rather more of a pony. For the Krag government found perilously little support from its London counterpart. After all, neither Macmillan nor his successor, Alec Douglas-Home, had much appetite to launch a fresh membership bid.[97] Talk of Danish association meanwhile had done little to encourage greater British flexibility on reforming EFTA. Sir Curtis Keeble, head of the Foreign Office department responsible for negotiating British entry to the Community, even talked of Denmark 'grossly misleading her EFTA partners' by having continued privately to discuss the idea of association with the Six.[98] Some other way of shaping British opinion would have to be found.

Amid this environment, Labour was clearly seen as having a role to play. Looked at even over the short term, quite what Macmillan or his successor thought of European politics no longer much mattered. On the contrary, the January 1963 veto had only cemented the SD's belief that it would be

[95] *Aktuelt*, 23 October 1963.
[96] Note by Marjoribanks, 3 February 1964, FO 371/177340, TNA.
[97] Folketingets forhandlinger, 1963–64, cols. 2768–78, 6 February 1964.
[98] Note by Keeble, 31 January 1964, FO 371/177340, TNA.

Harold Wilson, the new Labour leader, and not Douglas-Home who would sit into Downing Street after the next British general election. The SD could thus make great use of its close informal relationship with the Labour Party to help shape British European policy in a way that was more conducive to Denmark's own interests. Crucial to the SD's broader strategy of bridging the EFTA-EEC would in this regard be convincing Labour about the virtues of reforming EFTA and preparing the way for EEC membership. It is to the role of party contact in the months prior to the October 1964 general election, and the successes and frustrations that it brought, that the final part of the chapter must therefore turn.

Pressuring Labour

If the SD leadership hoped Labour would be more receptive to its ideas than had been the Conservative government, the election of Harold Wilson as party leader in February 1963 served initially to remind Krag and his team quite how difficult was the task they faced. Barely a month after assuming the leadership, Wilson made clear in an interview with German television that as things stood Labour could not contemplate launching a fresh bid for EEC membership. Admittedly he was more balanced than he had been throughout the membership negotiations. Evoking the ghost of Gaitskell, whose untimely death earlier in January had propelled Wilson to the leadership, he even argued that 'a Labour government could well negotiate with the Six for entry provided certain terms were met'. But compared to Gaitskell, the new leader appeared considerably more at ease with Britain pursuing alternative options. One idea proffered was that of resurrecting the FTA as a way of building better relations between EFTA and the Six.[99] Another, outlined in a speech later in October, centred on a possible free trade agreement with the USA.[100] And yet another policy sought to revive Britain's relationship with the Commonwealth.[101] The new Labour leader was thus not opposed to a European future for Britain of some kind; the sticking point came over the type of framework in which this could best be achieved. As Wilson himself made clear in an interview on US television, for now at least Britain's trading and political relations with the Six could only operate on an 'Atlantic and wider Atlantic basis covering Europe, covering

[99] Transcript of interview for *Sender Freies Berlin* and *Nord Deutsche Rundfunk*, 16 March 1963, MS Wilson c.1122, Harold Wilson papers, Bodleian.

[100] Transcript of speech at public meeting in Pwllheli, 26 October 1963, MS Wilson c.873, Wilson papers, Bodleian.

[101] Transcript of interview for *Ten O'Clock*, 8 July 1964, MS Wilson c.1122, Wilson papers, Bodleian.

the Americas, covering the Commonwealth'.[102] The new Labour leader even told Alastair Hetherington that in the forthcoming GATT negotiations Britain should face Kennedy not simply as part of an enlarged Community but 'sitting separately from Western Europe', as an equal of the USA and with the Commonwealth by its side.[103] Wilson was clearly not someone about to support full British membership of the EEC.

Nothing in the following months suggested that this stance was going to change. Part of the reason was that Wilson still clearly believed de Gaulle would veto Britain if it were to reapply – a concern that when previously outlined in 1960 had proven curiously prophetic.[104] On this point Wilson had support from the likes of membership advocate and Labour's deputy leader George Brown, who thought it a 'folly' to contemplate a fresh bid while de Gaulle occupied the Élysée Palace.[105] That it was sufficiently widespread a view among other pro-European Labour MPs that Britain would be ill advised to seek membership in the foreseeable future, combined with the fact that the government itself seemed less than keen to resurrect its application, consequently meant that there was not the same immediacy surrounding the question as had been the case for Gaitskell in 1960–61. Wilson was thus able to begin life as Labour leader without needing seriously to address the matter of either Labour's position on entry or the divisions that had emerged because of the first membership application.

A further, arguably more substantial factor explaining this lack of focus on a renewed bid, was that EEC membership appeared ever more incompatible with the economic strategy that Labour's new leadership regime planned to adopt. Since the late 1950s, a considerable element of the party's attacks on the government had been that inflation caused by the limitations of stop–go policies, Britain's mounting balance of payments deficit, declining workplace productivity, a lack of infrastructure investment and overall bleak growth figures compared to those achieved by the Six, were all part symptoms of a more general 'decline' in Britain's economic performance under the Conservatives.[106] As Labour leader, Wilson set about refashioning the party still

[102] Transcript of comments made on *Town Meeting of the World*, 28 May 1964, MS Wilson c.1122, Wilson papers, Bodleian.

[103] Note of meeting with Wilson, file 4/26, 23 January 1963, Hetherington papers, BLPES.

[104] Party political broadcast by Wilson: answers to questions from *Sunday Times* and *This Week* journalists, 26 June 1963, MS Wilson c.1123, Wilson papers, Bodleian.

[105] Statement by deputy leader, 25 October 1963, MS Wilson c.873, Wilson papers, Bodleian.

[106] Labour Party, *Signposts for the Sixties* (Labour Party: London, 1961); The Labour Party's alternative policy in the event of failure in Brussels, 31 January 1963, FO 371/171313, TNA. There is a significant literature on 'declinism', or the climate of perceived decline in this period. For an introduction, Nick Tiratsoo and Jim Tomlinson, *The Conservatives and Industrial Efficiency, 1951–64: Thirteen Wasted Years?* (London: Routledge, 1998), 31–32. On

more clearly as a force for industrial modernisation and economic growth. His speech to the 1963 party conference sought in particular to hammer home the gulf between an outdated Tory leadership that had wasted thirteen years of power, and a future Labour government that would seek to achieve growth by harnessing 'the white heat' of the burgeoning technology revolution that was already a hallmark of the 1960s.[107] Needless to say, this strategy left little room for EEC membership. On the contrary, Labour's 1964 general election manifesto characterised the Macmillan application as having largely been 'driven by economic failure […] in the vain hope that closer contact with a dynamic Europe would give a new boost to our wilting economy'.[108] Seeking a solution in Brussels was in other words synonymous with an admission of economic incompetency. Labour by contrast intended to become a flag-waver for modernisation by adopting a more aggressive, centrally planned approach to Britain's waning economy. The centrepiece of this strategy, the national plan, aimed first to increase growth by improving education and increasing workers' skills, and, second, to invest more in British infrastructure, with government working more closely with trade unions and the private sector to add new equipment to industries and exploit emerging technologies and scientific knowhow in a bid to make the industrial sector far more efficient and in turn drive up exports.[109] Why, given the ambitious goals of the national plan – including expanding the British economy to the tune of 4 per cent a year between 1964 and 1970 – would Britain need to join the Community? Entry to the EEC, in left-leaning rhetoric at least, might even seriously hinder Labour attempts to plan the economy in the way it saw fit.[110]

By the same token, the European bias of the Conservatives was blamed for the hazardous state of Commonwealth ties. The criticism levelled at the government by Labour that it had let slip Britain's economic links with its former empire was not entirely unjustified. After all, while from

its links with EEC policy, Jim Tomlinson, 'The decline of the empire and the economic "decline" of Britain', *Twentieth Century British History*, 14, 3 (2003), 201–21.

[107] For the speech, see *The Times*, 2 October 1963.

[108] Labour Party, *The New Britain* (London: Labour Part, 1964).

[109] Transcript of national plan announcement, August 1965, PREM 13/274, TNA. On Labour economic policy Jim Tomlinson, *The Labour Governments 1964–1970*, vol. 3*: Economic Policy* (Manchester: Manchester University Press, 2004), chaps 4–5. On the role of 'decline' as a theme in British politics, David Cannadine, 'Apocalypse when? British politicians and British "decline" in the twentieth century', in Peter Clarke and Clive Trebilcock (eds), *Understanding Decline: Perceptions and Realities of Britain's Economic Performance* (Cambridge: Cambridge University Press, 1997); Jim Tomlinson, 'Thrice denied: "Declinism" as a recurrent theme in British history in the long twentieth century', *Twentieth Century British History*, 20, 2 (2009), 227–51.

[110] Castle memo, RD.245/April 1962, LHA.

an economic perspective Britain's Commonwealth links certainly remained important in terms of finance and capital flow, by almost every trade measure the value of two-way commerce was faltering. Of Canada, Australia, India, Pakistan, Malaysia, Singapore, Nigeria, Hong Kong and New Zealand, only the last had, for instance, maintained its dependency on the British market; British exports meanwhile had fallen across the board.[111] The problem with all this was that by accepting the common external tariff during the 1961–63 negotiations, Macmillan had in effect agreed intentionally to exacerbate this trend further. At a moralistic level this would put paid to the existing Commonwealth preference in the British market, thus undermining a belief still firmly held by some in Labour that trade with the United Kingdom was an important way to help in the development of poorer Commonwealth members. At a rather cruder level, however, a weakening of Commonwealth ties would run contrary to Labour's national plan and its broader modernisation drive. For crucial to the party's economic blueprint was Commonwealth rejuvenation. In return for a package of assistance including greater capital investment and world-wide commodity agreements to stabilise prices for Commonwealth producers, British exporters might, for instance, themselves sell more to, and new British industries would similarly find opportunities to supply investment needs in, the Commonwealth.[112] Put more simply, it was the Commonwealth, not the European Community, that would ensure Britain prospered. This was given voice by Peter Shore's *Common Market: The Way Ahead*, which variously posited that the Six offered little economic hope to Britain, that in any case Britain's role in the world could not easily be confined to the EEC, and that by deepening Commonwealth ties Britain could in fact quite happily thrive outside the Community.[113] Such views did not go completely unchallenged – both Brown and Fred Mulley angrily reacted to the tone taken by Shore – but the wait and see approach of the Gaitskell years had clearly been all but forgotten.[114]

A strong sense that Labour hoped to ward off any embrace of the Community also emerged in the various socialist party gatherings that followed the 1963 breakdown. This was certainly not for want of trying on the part of the SD. At a meeting of the Socialist International in Brussels on 23–24 February, Hækkerup first chose to highlight how support from

[111] Britain and the TUC: Trade with and Commercial Effects on the Commonwealth, 12 June 1967, MSS 292B/564.71/1, MRC.

[112] For Wilson's 10-point Commonwealth revival strategy, *Hansard*, HC Deb, 6 February 1964, vol. 688, cols. 1379–91.

[113] Shore document, RD.409/February 1963, LHA.

[114] Minutes of home policy sub-committee meeting, 11 March 1963, NEC minutes, 27 March 1963, LHA.

Labour for EEC membership would be an important factor in overcoming 'the prospect of French hegemony in Europe'. When this aroused little comment from Labour, the SD foreign minister somewhat presciently predicted that 'within three years a Labour government would be forced to reach the same conclusion as Macmillan' and that the party was therefore best articulating its support for membership now.[115] Labour's contribution to equalising the power of France and Germany on the continent was also something that Krag chose to emphasise when Patrick Gordon Walker, Labour's new shadow foreign secretary, visited Denmark in May. It would, Krag explained, be 'a historic mission for a new Labour Government to so influence events'.[116] Then at a SI leaders' meeting in London later in 1964 the SD leader went even further. Here he spoke of the implications for NATO should Labour choose not to join the Community, even warning that Britain's continued exclusion from the EEC might help lead inadvertently to the creation of the Multilateral Force (MLF) – the American proposal to bring alliance members' independent deterrents under international control – something already roundly criticised by both the SD and Labour as giving Germany possible access to nuclear weapons.[117]

Throughout all of this, Labour's response was evasive.[118] This was a calculated, quite deliberate strategy. For as Wilson made clear at a meeting of socialist leaders at the Swedish prime minister's country retreat, Harpsund, in July 1963, the only development he was willing to advance at this stage was if the Six announced its intention to join EFTA. To do otherwise would be to make a mockery of the national plan and undermine future Labour efforts to strengthen Britain's Commonwealth links. This all proved too much for Krag, who accused his British counterpart of showing 'an exceedingly poor grasp of reality'.[119] For Matthiasen, Wilson's entire approach to EEC membership was 'cold and negative'.[120]

It would therefore have been understandable, logical even, had the SD considered futile its own efforts to influence Labour. But to argue this would be to underestimate what actually happened in the 18 months leading to Labour's October 1964 election victory and the far greater success the SD had in pushing Labour to accept that something ought to be done about EFTA reform. Throughout this period Krag and his team continually reinforced

[115] Third conference of party leaders of European socialist parties, OV/1962–63/25, 4 March 1963, NEC minutes, 27 March 1963, LHA.

[116] Report of visit to Denmark on 1–8 May 1963, MS Wilson c.873, Wilson papers, Bodleian.

[117] Krag's notes on leaders' meeting, May 1964, box 144, Krag papers, ABA.

[118] Mødet på Harpsund, 14 July 1963, box 199, SD, ABA.

[119] Krag to Matthiasen, 30 July 1963, box 352, SD, ABA.

[120] Mødet på Harpsund, 14 July 1963, box 199, SD, ABA.

the message that the Seven would have to include agriculture for Danish membership to remain viable. Much of the serious discussion on this point took place during Gordon Walker's May trip. From the SD came highly specific requests that the UK raise the market price paid by for its bacon imports, the total of which accounted for 48 per cent of Britain's entire bacon consumption; reduce the existing tariff on cheese, which the Conservative government had thus far refused because of pressure from Commonwealth producers; and abolish tariffs on beef and luncheon meat that were likely to be especially badly hit by the introduction of the Community's agricultural policy but which again Britain had refused to do because of New Zealand exports. For the SD, having the chance simply to lay out its plans for EFTA reform was a noteworthy step forward.[121]

It was always unlikely that Gordon Walker would respond immediately to Krag's requests. But where SD pressure did make a difference was dramatically to alter the entire tone with which Labour subsequently approached EFTA. Writing on his return to Britain, Gordon Walker recognised that 'a heavy responsibility falls on the UK as the major member of the EFTA partnership' and that Labour should respond in kind by establishing EFTA-friendly policies.[122] He even recorded in his diary just three weeks later that 'we have to find some way of fitting agricultural products into the EFTA arrangements'.[123]

More striking still was that these sentiments fed through into party discussions on the future of EFTA. Notable was the party's overseas committee meeting in July, which accepted that Britain may have to suspend the Commonwealth preference if there were any hope of sustaining EFTA as a going concern. The idea mooted was to take a greater bulk of EFTA agricultural exports and have some sort of compensatory arrangement in the UK market acting as compensation for Commonwealth exporters.[124] If this was likely to please Krag, the SD leader would have been similarly encouraged by George Brown's comments that it was now official Labour policy to 'concentrate on strengthening EFTA' and that, should Labour win power, the party would seek to 'broaden the scope of cooperation between the seven members', including some sort of deal for agriculture.[125] Still more

[121] Mødet på Harpsund, 14 July 1963, box 199, SD, ABA.

[122] Report of visit to Denmark on 1–8 May 1963, MS Wilson c.873, Wilson papers, Bodleian.

[123] Gordon Walker diary, entry 24 May 1963, GNWR 1/16, Patrick Gordon Walker papers, Churchill Archives Centre, Churchill College, Cambridge [henceforth CAC].

[124] Memo on European cooperation and economic integration, OV/1962–63/31, undated, NEC minutes, 9 July 1963, LHA.

[125] Ennals to Brown enclosing notes for Brown's lecture in Germany, 15 October 1963, LP/ID/40, LPID, LHA.

promising were those comments made by Anthony Greenwood, a left-wing Labour MP loyal to Wilson, in a visit to Scandinavia a few months later. Labour's commitment to EFTA was once again reiterated, but Greenwood extended this to include a future Labour government doing all it could to help ensure the Seven cooperated as closely as possible with the Six short of actually joining the Community. Among the various proposals outlined were equalising tariffs to ease intra-European trade, establishing the free movement of capital to aid investment opportunities on both sides, and even abolishing passport controls between the two blocs.[126] The contrast with Wilson's 'cold and negative' attitude towards EEC membership could barely have been starker.

On the eve of the British general election the SD could thus be reasonably satisfied that a new Labour government would be considerably more active in reforming EFTA than the incumbent Conservatives. Krag was no doubt disappointed by the still cautious stance Wilson continued to take on Community membership. And nothing had happened in the previous 18 months to lead him or Hækkerup to suppose that a Wilson government would launch a fresh application for EEC membership. Both, however, did have confidence that reforms to EFTA would be forthcoming and that this would mark the first real breakthrough in the integration process since de Gaulle's January 1963 veto.[127] Such was the degree of Labour's shift in support of the Seven that a meeting of the SD executive committee wondered whether the SD itself ought to show greater goodwill to EFTA in order to keep up.[128] The real question now was whether Labour would actually win the election and make good its promise of reform.

[126] Report on Greenwood's visit to Scandinavia, 8–12 June 1964, LP/ID/NOR/2, LPID, LHA.

[127] Lidegaard, *Jens Otto Krag II*, 178.

[128] Forretningsudvalgsmøde, 14 January 1964, box 110, AE, ABA.

3

The Surcharge Crisis: October 1964–May 1966

The first few months of the new Labour government soon proved a disappointment for the SD. On the eve of the British general election of 15 October 1964 it had been confidently expected that a Labour victory would see the pace of EFTA reform increase dramatically. And as Wilson settled into Downing Street the SD foreign minister still felt able to tell his colleagues that, EEC membership aside, the incoming Labour administration 'could be considered an improvement with regard to international questions'.[1] Such sentiments quickly fell by the wayside, however, when on 26 October Wilson took to the airwaves to announce the introduction of the 15 per cent import surcharge. In Number 10 as in Whitehall more generally it was perhaps understandably felt that a levy on all manufactured and semi-manufactured goods except foodstuffs, tobacco and raw materials was a legitimate response to a grave economic problem. After all, Britain's balance of payments deficit, known to have ballooned under the Conservatives, was now forecast to be as high as £800 million for 1964 alone. Intervention, however drastic, thus seemed justified. Labour ministers likewise decided that, while not without problems, a surcharge was a far preferable alternative to deflation and devaluation. But in Copenhagen and other, similarly irate EFTA capitals, the surcharge was immediately interpreted as a sign that Labour did not intend to take the Seven seriously. The opening section of this chapter must therefore examine the fallout of the surcharge decision and the implications of the policy for Labour and the SD. It then goes on to look at how throughout 1965 the SD attempted to tie the surcharge question to the broader issues of EFTA reform and EEC membership in order to modify Labour's position, before finally explaining how a shift in Labour policy in the first half 1966 set the scene for fresh applications to join the Community a year later.

[1] Ministermøde, 20 October 1964, box 1567, SD, ABA.

Responding to the surcharge

Harold Wilson had barely been in Downing Street an hour when he was told of the state of Britain's finances. During the election campaign the Labour leader had claimed the Conservatives were running a payments deficit of around £400 million a year. But to the shock of Labour's economic triumvirate – Wilson, George Brown, the secretary of state in the newly inaugurated Department of Economic Affairs (DEA), and James Callaghan, the chancellor – Whitehall officials now claimed that the actual figure was closer to double that estimate and that drastic action would be needed to stop the trade imbalance from deteriorating further. Three remedies were pointed to: devaluation of the pound, quotas on imports and an import surcharge. Devaluation would have made British exports cheaper but was quickly ruled out. For one thing, Wilson was haunted by Labour's devaluation in 1949 and was not about to expose Labour to accusations of being the 'party of devaluation' by degrading sterling once again.[2] There were also electoral reasons underlining the decision, since many a Labour-voting low earner who relied on savings to supplement their income would be especially hard hit by the measure.[3] And still more important was that Wilson saw the strength of sterling as a sign of Britain's credibility on the world stage. A reduction in the existing rate of $2.80 would in this sense be an admission that Britain was no longer a power of international significance.[4] The second option – quotas – was dismissed with equal rapidity. The Labour leadership decided that fixing the level of imports would be difficult to implement and potentially inimical to industrial growth. This left the third route: a surcharge. The hope was that a levy on British imports would restrict overseas purchases, increase domestic demand and make way for exports to help correct the crippling balance of payments deficit. The trouble was that imposing tariff barriers, albeit by another name, would also undermine Britain's support for global free trade. Arguably more problematic was the illegality of the move, contravening as it did commitments in GATT and EFTA. So fundamentally weak was Britain's economy, however, that none of the men felt they had much choice.[5]

[2] The then chancellor, Sir Stafford Cripps, announced a reduction in the parity from £1 = $4.03 to £1 = $2.80 in September 1949.

[3] Andrew Thorpe, *A History of the British Labour Party* (Basingstoke: Palgrave Macmillan, 2008), 168.

[4] See David Blaazer, '"Devalued and dejected Britons": The pound in public discourse in the mid-1960s', *History Workshop Journal*, 47 (1999), 121–40.

[5] Harold Wilson, *The Labour Governments, 1964–1970: A Personal Record* (London, Weidenfeld and Nicolson, 1971), 5–7; Alec Cairncross, *Managing the British Economy in the 1960s: A Treasury Perspective* (Basingstoke: Macmillan, 1996), 115–16; Richard Roberts,

The severity of the situation did not appear to be shared by Britain's international partners. Fellow members of the Group of Ten (G10) leading global economies threatened London with economic isolation.[6] Commission president Walter Hallstein described the surcharge as 'regrettable' and demanded it be 'rapidly withdrawn'.[7] And Seán Lemass, the Irish prime minister, warned Wilson that import restrictions would bring the country's economy to its knees.[8] But it was arguably from EFTA members that criticism of the Labour government was most acute. Technically at least, the surcharge was set to apply to all those countries with which Britain traded, regardless of historical ties, existing treaties and prior preferential arrangements. Precisely because of the types of goods purchased by Britain, however, it very quickly became clear that the Commonwealth would be spared the worst of the policy. Indeed, the surcharge would apply to a third of all EFTA exports to Britain; for Commonwealth countries that figure was just 9 per cent.[9] In its manifesto, Labour had claimed that the 'first responsibility of a British government is still to the Commonwealth'.[10] The design of the surcharge appeared to prove just that.

Predictably, the mood at a gathering of EFTA ambassadors in London on 26 October was grim.[11] Douglas Jay, playing host as the new president of the Board of Trade, was warned to expect legal action. Sweden and Switzerland cautioned they might respond in kind and themselves discriminate against British goods. Yet it was the political repercussions that were potentially most damaging to Labour. Reaction to the surcharge was coloured by a mixture of surprise that Britain had chosen so visibly to undermine EFTA's entire legal framework, ill-temper stemming from Labour's failure even to inform EFTA governments of the announcement beforehand, and concern that the element of trust so crucial to the successful running of the Association had completely evaporated. The upshot was that few now believed a Labour administration intended to take EFTA seriously. Jay had already previously warned that if de Gaulle's veto and the lack of meaningful reform to EFTA in the Conservatives' last 18 months in power had dented morale among the Seven, a surcharge introduced by Labour would only make matters worse.[12] Unfortunately for the Wilson

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'"Unwept, unhonoured and unsung": Britain's import surcharge, 1964–1966, and currency crisis management', *Financial History Review*, 20, 2 (2013), 209–29.

6 Kaiser, 'The successes and limits', 371.

7 *The Times*, 30 October 1964.

8 Lemass to Wilson, 26 October 1964, MS Wilson c.1576, Wilson papers, Bodleian.

9 George Ray, 'Post mortem on the import surcharge', *Intereconomics*, 2, 3 (1967), 65–67.

10 Labour Party, *The New Britain* (London: Labour Party, 1964).

11 *The Times*, 28 October 1964.

12 Jay to Wilson, 22 October 1964, PREM 13/1240, TNA.

government, this bleak analysis was borne out at the ambassador meeting when EFTA members made clear their intention seriously to consider invoking Article 31 of the Stockholm Convention. The article, a little used but highly flexible complaints mechanism, offered EFTA states the chance legally to retaliate against a fellow member by discriminating against a broad range of exports. More worrying for Labour was that in exceptional circumstances it also allowed EFTA members to expel another state on a simple majority vote. Wilson's first act in government appeared to have put Britain's entire membership of EFTA in peril.

Since Denmark primarily exported agricultural goods to Britain – one of the few items excluded from the surcharge – Labour would no doubt have expected Krag to swallow the policy with relative ease. But, as quickly became clear, the SD reaction was 'amongst the sharpest and most bitter', its apprehension accentuated by at least two factors.[13] The first was the very negative response to the surcharge from within the SD itself. In the weeks following Wilson's 26 October television address a small but vocal section of the SD's executive committee argued more than once that the surcharge necessitated a radical change in the party's European policy. For many, this meant that Denmark should now look to abandon EFTA altogether and instead strengthen bilateral trade ties within the Nordic region.[14] To a certain extent such a stance echoed the same exasperation with which the SD leadership also met the surcharge. But at a more fundamental level it brought out into the open a major division that existed between the SD hierarchy, which still formally sought to reform EFTA and in the medium-term join the EEC alongside Britain, and others in the party who were increasingly sceptical of European integration and keen instead to pursue a Nordic solution as an alternative. Arguments over these clearly incompatible approaches were set to rumble on for the foreseeable future.

The second real difficulty faced by the SD related to the complex parliamentary position in which the party found itself at the end of 1964. As in Britain, a general election had recently taken place in Denmark, the result of which saw Krag unable to form a coalition and thus forced the SD to rule instead as a minority government dependent on ad hoc majorities. This meant that European policymaking was more obviously at the mercy of those parties like the Agrarian Liberals that had previously toyed with the idea of Denmark joining the EEC without Britain. The surcharge, it hardly need stating, was only ever going to exacerbate this situation. Pressure on the SD might reasonably become so intense that the SD could even end up announcing an isolated EEC bid simply to retain power. At the very least,

[13] Danish political and economic situation, 22 April 1965, PREM 13/813, TNA.

[14] Forretningsudvalgsmøde, 8 December 1964, box 110, AE, ABA.

the SD could expect to endure a more heated political debate about whether it had been too loyal to the Seven and too quick previously to rule out lone Danish entry to the Community. Alternatively, the SD might be forced to rely on the SF for parliamentary support – something that Krag had previously refused to do given that the quasi-communist group was critical of both EEC and NATO membership.[15] Proof of quite how difficult was the SD's predicament came when opposition parties forced the government to modify its 1961 negotiating mandate, which, as we saw in Chapter 2, had tied Danish EEC membership to a successful British application.[16] The prospect that Denmark might somehow join the Community alone was suddenly once again very real.

All these problems were outlined in talks between Wilson and Krag held in Downing Street on 9 November. Not content simply with outlining Danish concerns, the SD leader felt justified enough to list a number of policy changes that Labour ought to introduce in order to push EFTA, and with it his own party, out of its rut. Krag first argued that Britain would need to reduce the surcharge if it hoped to avoid the complete collapse of EFTA. Second, he advised Wilson that he ought to make good earlier promises to strengthen the Seven by expanding its remit beyond a limited industrial free trade area. Third and most controversially, Krag pointed to the need of the Labour government actively to prepare Britain to join the Community and in the meantime expand functional links between the Seven and the Six to help pave the way for membership. But Wilson proved remarkably impervious to Danish pressure. The prime minister did briefly admit to Krag that EFTA 'remained a major British interest'. And he also assured the SD leader that the import surcharge was designed to be temporary. But the rest of the Labour leader's answers were highly defensive, every opportunity used to play down the suggestion that the government would divert from its chosen path. There was, for instance, no commitment to reducing the rate of the surcharge; the furthest Wilson went was to say that Labour 'really had no alternative' other than to introduce the measure and that the current percentage was about right given the scale of Britain's economic woes. Nor was Wilson any more forthcoming on EFTA restructuring. The best he could offer was a somewhat wry suggestion that SD ministers brush off criticisms of the Seven by 'pointing out that the EEC was itself in a bad state', a nod to the controversy over cereal prices dominating the Six.[17] He

[15] Kenneth S. Pedersen, 'The first socialist majority: Denmark's 1966 election', *Parliamentary Affairs*, 20, 2 (1966), 147.

[16] Folketingets forhandlinger, 1964–65, col. 718, 12 November 1964.

[17] On the cereal controversy, N. Piers Ludlow, *The European Community and the Crises of the 1960s: Negotiating the Gaullist Challenge* (London: Routledge, 2006), 26–32.

even claimed that the problems facing the Community might compel the EEC member states to revive the FTA negotiations.[18] Krag is alleged to have reacted positively to the suggestion, but in private the SD leader seemed fully aware of how unlikely was this turn of events.[19]

The optimism with which the SD leadership had greeted Labour's electoral victory had within a few days therefore subsided. But all was not lost. A luncheon held shortly after his meeting with Krag, attended also by fellow socialists Bruno Pittermann from the SPÖ and SAP's Torsten Nilsson had made Wilson well aware that there would have to be an element of damage control in the coming months. Partly out of deference to Krag and his other guests who had requested as much, and partly out of a need for Britain to do *something* about the obviously gloomy temperament in EFTA, Wilson therefore agreed to hold a series of meetings to review developments in Europe. And since so many EFTA governments were composed of socialist parties, it was also agreed that, in addition to the usual intergovernmental meetings, various informal bilateral and party-level meetings would constitute appropriate venues for such discussions. It is the content of these various get-togethers, and the changes in Labour policy that in part resulted from them, upon which the next few sections of this chapter must therefore focus.

Lowering the surcharge

The first area where headway was most obviously made was on the level of the import surcharge itself. As the Downing Street meeting had revealed, the new Labour government was initially wary of tinkering with the 15 per cent rate. Before the Christmas break there had already been some disagreement among ministers about whether to relent to external pressure. Solely in favour of a lower tariff were Jay and Gordon Walker, for now Labour foreign secretary. Had their advice been heeded, a reduction in the percentage would have represented an important psychological victory for the SD and other EFTA members, all of which needed to show to their domestic audiences that the Seven was still a viable going concern. Formally, however, ministers chose to stand by its refusal to lower the rate. The prime minister's reasoning was simple: to do otherwise would make the government look indecisive at precisely the time stability was needed. And, of course, Britain still faced an economic crisis that had to be dealt with somehow.[20] At the close of

[18] Record of conversation between Wilson and Krag, 9 November 1964, PREM 13/813, TNA.

[19] Krag diary, entry 20 November 1964, ABA. See also *Daily Mail*, 19 November 1964.

[20] See for instance Brown to Wilson, 23 October 1964, PREM 13/1240, TNA.

1964 any shift in Labour's commitment to the surcharge therefore appeared completely out of the question.

Early in 1965 the SD leadership had grown so understandably worried about the political implications of the surcharge that it decided – much to the horror of Brown, who represented Labour at the conference – to use the first informal gathering of socialist leaders in Salzburg to launch a vigorous attack on the policy.[21] The whole thrust of Krag's complaint was that the surcharge had put the unity of EFTA as well as the domestic strength of the member governments in danger. Obviously furious, the SD leader complained at length that the surcharge had allowed opposition parties in Denmark 'to talk about the Six as the best route to take' and that the SD was 'very disappointed' that Wilson of all people had put the stability of Krag's government at risk. More positive from Krag was the suggestion that the surcharge ought to be considered an opportunity to strengthen EFTA and establish new ties with the Community. The measures considered crucial included widening EFTA's geographical scope to include countries like Ireland and Iceland, placing agricultural trade on a par with industrial goods, harmonising tax and commercial policies between the Six and Seven, and improving standardisation and tariff policies to help expand trade and investment opportunities across the two blocs. But solving the surcharge issue would have to precede any detailed talks about restructuring EFTA. Krag therefore set an absolute deadline of 22 February, the date of the next EFTA ministerial meeting, for Britain to announce its intention to reduce the surcharge, while the 15 per cent rate itself should be lowered at some point over the spring.[22] And in a clear attempt to extract concessions from Labour, Krag signalled that should a reduction not be forthcoming two outcomes would follow. The first of Krag's warnings was that the SD would be forced to support Article 31 as a means of 'punishing' Britain. Second, the danger that the SD might have to relent to parliamentary pressure and seek lone entry to the EEC was invoked.[23] Nothing would guarantee the survival of EFTA in its current form other than a reduction in the surcharge.

Whether the SD leader ever genuinely thought that Denmark would be forced to pursue an isolated membership application is open to interpretation. What was clear, however, was that this marked a dramatic escalation in SD rhetoric, the first time Krag had confirmed to Labour that isolated Danish entry was at least a possibility. And according to Krag himself this threat paid off: daring to go much further than Wilson had in November,

[21] Krag diary, entry 9 January 1965, ABA.

[22] The EFTA Council was and is the highest decision-making body in EFTA, usually meeting at ambassadorial level and biannually at ministerial level.

[23] Salzburg conference of party leaders, 9–10 January 1965, box 144, Krag papers, ABA.

Brown acknowledged that the surcharge would be 'very temporary' and that, while nothing was for certain, he could well imagine that the rate would fall by the first anniversary of its introduction later in October.[24] Despite being vague, Brown's response was considered a major departure from Wilson's earlier refusal even to consider a decrease. It is possible therefore that Danish pressure had already brought about some alteration in Labour policy. But even if this were sufficient to fend off the SD leader's immediate concerns about the surcharge, it was unlikely to be so for long. Indeed, while Krag was heartened by the concessions, he had the last word when he replied that by the autumn EFTA may well have already broken up.[25] Pressure for a lowering of the surcharge had therefore been eased for the time being at least, but only just.

Given the scale of the problems facing the SD leadership, it was always ever going to be a matter of time until the party chose to up the ante. The one event that caused considerable noise was a gathering of Danish ambassadors to all EFTA and EEC countries hosted by Hækkerup on 28–29 January. Admittedly the SD foreign minister was far more restrained than Krag, pointing out that Denmark now sold nearly half of its total industrial exports to other EFTA states and that this trade would probably be disrupted were Denmark to up and leave the Association.[26] But where the two men did agree was in their belief that the future direction of Danish European policy was entirely dependent on the actions of Labour. Hækkerup indeed argued that should Wilson fail to announce a tangible reduction in the surcharge, Denmark would revive talks for association with the Six. And the SD foreign minister likewise claimed that for Denmark to remain in EFTA its faith in the Association had first to be re-established, not least by improving market conditions for agricultural products.[27] If the chance of Denmark staying in a reformed EFTA was the carrot, the danger of Denmark leaving EFTA therefore appeared to be the stick. The stakes could scarcely have been higher.

As an exchange of memos between officials in the British embassy in Copenhagen and those inside the Foreign Office in London after the details of the meeting were leaked show, fears of Denmark leaving EFTA were taken very seriously by Britain. The mood in the Foreign Office was

[24] Salzburg conference of party leaders, 9–10 January 1965, box 144, Krag papers, ABA. See also *The Times*, 11 January 1965.

[25] Krag diary, entry 9 January 1965, ABA.

[26] By this point around 46 per cent of Danish industrial exports went to EFTA, over twice as many as to the Community (22 per cent). Bidrag ved. markedspolitik til brug for statsministeren ved fjernsynsdiskussion med Hartling, 22 September 1965, box 78, Krag papers, ABA.

[27] Notat om den europæiske politiske samarbejde og forsvar problemerne ved ambassadørmødet, 29 January 1965, box 75, Krag papers, ABA.

emphatically that while the SD favoured remaining in the Seven, a failure to lower the surcharge would see the party leadership opting to move closer to the Community simply to ensure the survival of the SD government. Prior to meeting Krag at the funeral of Winston Churchill held on 30 June, for instance, one official wrote to Wilson:

> They certainly do not wish to desert either us or EFTA if they can help it. But they have been faced with a serious political, rather than economic, problem by the 15 per cent import charge imposed by H[er] M[ajesty's] G[overnment] which has greatly strengthened the hand of Danish critics of EFTA. It would be surprising if Mr Krag and Mr Hækkerup were to permit the Danish government to be brought down on the Common Market issue. They must be expected to change their own course to the extent that our policy and the parliamentary reaction to it in Denmark requires them to do so for their survival.[28]

The same observer remarked that the SD's predicament could only be assuaged by a small, immediate reduction of the surcharge.[29] And John Henniker-Major, the British ambassador to Denmark, himself made a similar point in a dispatch sent to Michael Stewart, Gordon Walker's successor as foreign secretary: '[I] hope that we shall be able to make some tangible reduction in the surcharge. If we should not be able to do so, the Danes would, however reluctantly, be obliged to support the application of Article 31 against us which would, I submit, be a near catastrophe for EFTA'.[30] Nor would the SD stop there. As Henniker-Major explained in yet another letter written two days later, any refusal by Wilson to reduce the surcharge would almost certainly provoke the SD leadership into withdrawing Denmark from EFTA: 'If the Danes are satisfied with what we do, we can expect and hope that things will continue much as before: if not, all sorts of things may happen and there may be new political alignments'.[31] The strongest counterweight to Danish unilateralism was a surcharge reduction.

Whether or not any of this led directly to a change of heart by the time Wilson met with Krag cannot be known with any certainty. But in the course of this meeting it did become quite clear that the Labour leader was now committed to a reduction, intimating that an announcement would probably be made by February.[32] And Krag himself walked away content that Wilson 'seemed to have a somewhat softer stance with regard

[28] The Danish political and economic situation, 29 January 1965, PREM 13/317, TNA.

[29] The Danish political and economic situation, 29 January 1965, PREM 13/317, TNA. See also Tebbit to Gordon Walker, 22 January 1965, FO 371/182335, TNA.

[30] Henniker-Major to Stewart, 2 February 1965, FO 371/182335, TNA.

[31] Henniker-Major to Keeble, 20 February 1965, FO 371/182335, TNA.

[32] Record of meeting between Wilson and Krag, 29 January 1965, PREM 13/317, TNA.

to the 15 per cent charge'.[33] From this evidence it is fair to assume that the radicalism of Hækkerup and Krag's threats of both retaliation in EFTA and isolated Danish accession to the EEC did have at least some sway over Wilson. Krag admittedly was not alone in arguing for a reduction; the Swiss and Swedes were equally forthright in their views that Britain had to address the surcharge question. But the SD leadership had presented Labour with a clear choice. Either Britain reduce the rate of the surcharge and in turn EFTA members put aside their differences and seek instead a new relationship with the Community, or Britain find itself forcibly excluded from the Seven – its primary method of influencing European politics – and, much worse, be held responsible for pushing Denmark into the clutches of the Six. With this and other EFTA countries seemingly prepared to invoke Article 31, it is probably no coincidence that less than a fortnight later Labour ministers agreed to cut the surcharge. Where this was all the more significant was that Callaghan, who announced the decision at a meeting of the cabinet on 22 February, made clear that a reduction was economically 'premature' but that this 'had to be weighed against the adverse political effect of maintaining the surcharge at its present level'.[34] From midnight on 26 April, much earlier than originally foreseen by Labour and much closer to Krag's preference of a spring reduction, the rate would sit at just 10 per cent.[35]

Building bridges

A second, more noteworthy shift in Labour policy during the course of 1965 was its commitment to broaden links between EFTA and the EEC. Here too Labour and SD European policy would eventually align far more closely than seemed likely at the start of the year. Indeed, a meeting of socialist party leaders at the prime minister's Buckinghamshire retreat, Chequers, on 24–25 April, confirmed that there would be some movement by Britain towards linking the EFTA countries more closely with the EEC member states as previously demanded by Krag. The gathering was the biggest of its kind since socialists had met back in Brussels in December 1958, with representatives of 11 parties and the Socialist International's secretary general, Albert Carthy, coming together 'for free, unscripted, confidential discussions on matters of current and long-term concern'.[36] It was, however,

[33] Ministermøde, 2 February 1965, box 1567, SD, ABA.

[34] CC(65)11th, 22 February 1965, CAB 128/39, TNA.

[35] It took until 3 May 1966 for the Labour government to announce the scrapping of the final 10 per cent surcharge, effective from 30 November that same year.

[36] Press communiqué, 9 April 1965, box 345, SI, IISH.

the topic of European integration that dominated proceedings. And the very clear signal that emerged was that the Labour government would lead efforts to reduce EFTA/EEC tariffs and look for other ways to promote collaboration between the two blocs. For this reason, the process would be known as bridge-building.[37]

Commentators since have tended to credit the bridge-building process to decisions made by Wilson and the influence of Whitehall more broadly. It is already well known that from February 1965 the Foreign Office, led by Stewart, urged Wilson to develop a more coherent strategy towards European cooperation.[38] Until this point, much of the Labour leader's time had been taken up by efforts to regenerate Commonwealth trade. As late as May both the prime minister and Jay were continuing efforts to revive intra-Commonwealth trade as part of the party's broader attempts to renew the British economy.[39] Foreign Office pressure appears to have modified this somewhat, with Wilson opting to pursue economic and political cooperation across the EFTA/EEC divide alongside existing attempts to expand Commonwealth ties. The effectiveness of bridge-building from Labour's viewpoint was that in one fell swoop it could hope to meet a number of outstanding British foreign policy goals: counterbalance French dominance on the continent, something epitomised by de Gaulle's veto of both the FTA and first EEC bid; make it clear to the likes of Denmark but the Six also that Britain was not disinterested in a European future of some sort; introduce the cabinet to the idea of a closer relationship with the EEC should Wilson decide later on to pursue an application; and meet the criticisms of those like Stewart who demanded Britain take a more activist approach towards the continent.[40] More significant was the likely impact on EFTA. Stewart for one argued that while the Association was 'back on the rails' following the surcharge decrease, Britain should seek to capitalise on the ensuing goodwill by strengthening cooperation between the Seven.[41] And Wilson himself acknowledged that a bridge-building initiative would 'sublimate the surcharge obsession'.[42] The very positive response bridge-building garnered at the Chequers meeting would only corroborate this analysis.

[37] Krag's notes from Chequers, 24 April 1965, box 76, Krag papers, ABA.

[38] Stewart to Wilson, 12 February 1965, PREM 13/306, TNA. See also Parr, *Britain's Policy*, 41–46.

[39] Working party on Commonwealth foundation, MISC56, 13 May 1965, CAB 130/229, TNA.

[40] Parr, *Britain's Policy*, 46–53; John Young, *The Labour Governments 1964–70*, vol. 2: *International Policy* (Manchester: Manchester University Press, 2003), 145.

[41] Stewart to Wilson, 3 March 1965, PREM 13/306, TNA.

[42] Wilson to Stewart, tel. no 245, 24 April 1965, PREM 13/306, TNA.

The flip side of course is that bridge-building held as much promise for the SD as for Labour. First and most obviously, any sign of new functional links between EFTA and the Community could be expected to ease parliamentary pressure on the SD. But, for Krag and his team, much more substantial than this were the long-term implications of the policy on British attitudes to Brussels. In the eyes of the SD leadership, bridge-building's key role was to engage Labour in a conversation about the future of the European integration process in a way that under Wilson it had so far been unwilling to do. The simple but very powerful act of talking might even lead Wilson to conclude, much like Macmillan before him, that the United Kingdom had perilously few options other than to join the EEC as a full member. Krag himself best summed up its significance to Denmark in a conversation with SAP leader and Swedish prime minister Tage Erlander at a meeting of Nordic socialist parties later in June. SD support for bridge-building, Krag told the Swedish premier, was based solely on the need to 'establish European dialogue and pave a way towards a comprehensive European solution'. It 'plays a crucial role', he continued, 'in maintaining Britain's interest in Europe'.[43] So long as Wilson's guise was directed towards the continent for the time being, Krag could be considered happy.

More speculative is the argument that Wilson's decision to work towards bridge-building was itself endogenous to pressures previously exerted by the SD. It is impossible to say for sure based on the available sources whether Krag and his colleagues had any hand in Wilson's decision to launch bridge-building. But what is for certain is that the notion of building bridges, of functional collaboration between EFTA and the Six, had, as discussed in Chapter 1, been heavily promoted by the SD ever since the emergence of the Seven as a separate unit in 1959. Still more interesting, later that same year had also seen Labour adopt bridge-building as the centrepiece of its own strategy towards EFTA – in part precisely because of the influence exerted on it by the SD. And throughout the period that separated the French veto on Britain's application in January 1963 and Wilson's announcement of the bridge-building policy at Chequers nearly two years later, the SD had continued consistently to encourage the Labour leadership to look at ways to fuse the Six and the Seven, the latest example of which had come at January's Salzburg meeting. Bridge-building as espoused by Wilson could in this sense be seen merely as the latest iteration of a policy that the SD had long championed.

Whether this last point has any value, bridge-building was a timely initiative as far as EFTA was concerned. Many of those present at Chequers,

[43] Notat ved. samtaler med statsminister Erlander på Harpsund, 21 June 1965, box 75, Krag papers, ABA.

the SD leader included, were visibly delighted by Wilson's announcement.[44] And a meeting of EFTA prime ministers held in Vienna later in May likewise revealed a high degree of support for the initiative, although the Seven were clearly not yet ready to move on the project and no formal invitation was issued to the Six on that occasion. Even so, the outlines of an agreement were there. At its heart lay a promise to remove progressively all tariffs between the Seven and the Six by 1972. This not insignificant commitment would sit alongside a host of small, more practical solutions that it was hoped would establish a comprehensive economic platform made up of the two sides. The details of any package were naturally left to an EFTA working committee, which was asked to report by the next Council meeting due to take place in Copenhagen in October. Under discussion at a ministerial level, however, was a possible harmonisation of tax and commercial policy that would provide EFTA industries with better access to the markets of the Six, greater fiscal and patent coordination in a bid to increase investment in the Seven, and a pledge to introduce common technical and industrial standards across the blocs – a commitment that even saw Wilson discuss dismantling Britain's imperial unit of measures in favour of a continental metric system.[45]

The counterpart to strengthening relations between the two blocs was consolidating EFTA itself. At both Chequers and Vienna the idea of synchronising industrial and agricultural standards was discussed. The SD leadership were similarly encouraged by the suggestion that the EFTA agricultural working party, which had first met after de Gaulle's January 1963 veto on British membership, reconvene to solve once and for all the position of agricultural trade in EFTA. And there was also talk of introducing new fields to the Association's remit usually considered the reserve of EFTA member states, among them industrial training and transport. There was thus every prospect of EFTA making serious changes not only to its relationship with the EEC but also to its own, still rather limited functions.[46]

Almost immediately, however, it became clear that bridge-building, while all very well in theory, would prove extremely difficult to implement in practice. Too many aspects (proposals for fishing considered controversial to the Norwegians being among the most obvious of examples) were considered to conflict with national interests, while still others (the extension of credit,

[44] Ministermøde, 18 May 1965, box 1567, SD, ABA; Party leaders' conference, September 1965, box 345, SI, IISH; *The Times*, 26 April 1965.

[45] Krag's notes on Vienna conference, 23 May 1965, box 144, Krag papers, ABA; Meeting of EFTA at Vienna, 24–25 May 1965, PREM 13/308, TNA.

[46] Spørgsmål til Wilson, 24 April 1965, box 76, Krag papers, ABA.

removal of non-tariff barriers and industrial investment to name but three) were quickly deemed likely to replicate topics already dealt with as part of the Kennedy Round of GATT negotiations. The very genuine hopes that bridge-building would bring about functional collaboration between the two blocs, while reinforced by the discussions among the Seven, were therefore soon overshadowed by instances of inflexibility by EFTA states jealously guarding their sovereignty and the realisation that bridge-building would add little to discussions already taking place at the international level.[47]

The Community's institutions for their part reacted with consternation to the bridge-building proposal, complicating matters still further. Hallstein in particular warned that it was best to avoid any new system of intergovernmental cooperation that would complicate decision-making within the EEC and in the process feasibly minimise the role and influence of the Commission.[48] Nor were the Six particularly bowled over by the prospect of a more formal consultative arrangement with EFTA members. Part of the problem was that the EEC member states saw little mileage in a proposal that seemed little different from the much-defamed FTA. As significant an issue was that topics such as tax harmonisation touted by the Seven as potential areas of cooperation were very sensitive issues upon which the Six themselves had so far failed to reach agreement. And such concerns became only more pronounced when on 1 July, following the collapse of talks among the Six about how to finance CAP, France announced its intention to pull out of the Community's institutions. If nothing else, the so-called empty chair crisis of 1965–66 confirmed that the Community still had many of its own internal problems to confront before it was in a position to turn its guise towards the much larger issue of EFTA/EEC relations.[49] But more basic an issue was the fear that EFTA countries, by continuing to pursue efforts to establish links with the Six, might be accused of exploiting the crisis for their own ends. The net effort was to make agreement on a formal arrangement between the Community and the Seven impossible. As Wilson would later put it, bridge-building stood little chance of succeeding because 'the other side of the bridge consisted of shifting sands'.[50]

With the Community frozen by its empty chair crisis, the Seven were consequently forced to turn their attention to building on what links already

[47] See Parr, *Britain's Policy*, 53–55.

[48] Michael J. Geary, *Enlarging the European Union: The Commission Seeking Influence, 1961–1973* (Basingstoke: Palgrave Macmillan, 2013), 71.

[49] On the crisis, N. Piers Ludlow, 'Challenging French leadership in Europe: Germany, Italy, the Netherlands and the outbreak of the empty chair crisis of 1965–1966', *Contemporary European History*, 8, 2 (1999), 231–48.

[50] Note of meeting with Wilson, file 11/2, 20 January 1966, Hetherington papers, BLPES.

existed between them. But, as quickly became clear, the task of expanding EFTA's competences was overshadowed by the more immediate issue of the now 10 per cent surcharge. The failure by Labour to dismantle the charge completely in the intervening months was most obviously a challenge to the SD. There had justifiably been some hope in Copenhagen that the whole bridge-building process would be just enough to mollify those who had been highly critical of the surcharge and Denmark's continued membership of EFTA more generally.[51] Now that the project had effectively collapsed, however, the Krag government could reasonably expect to face calls to abandon Britain and negotiate instead lone membership of the Community.[52] And the failure of bridge-building would also oblige the SD to ensure that Labour's newfound interest in the Six would not be replaced by an insular Wilson unwilling at all to engage with the topic of European integration. Sustaining the momentum behind bridge-building was thus vital at both the domestic and European levels. But Labour too would have to think of some new way of pacifying the Seven if it hoped to evade a repeat of the surcharge protests that had dominated the party's first six months in office. Finding a solution to the surcharge issue was thus a priority for both leaderships.

Vital in this respect were two visits, a month apart, by Brown to Copenhagen, supplemented by multiple phone calls between Brown, Krag and Hækkerup. From these various exchanges emerged a common consensus on how the next few months should pan out that together went some way to addressing the aims of both groups. The first point of agreement between the three men was that the surcharge should remain at least for the time being. To be sure, differences over the surcharge existed. But faced by the prospect that Britain would switch from an import surcharge to import quotas, both Krag and Hækkerup decided that it was preferable to live with the devil they already knew. The agreement, as Brown put it, meant that the SD 'will in practice make few difficulties about the retention of the surcharge – irrespective of any public statements they may feel called upon to make for domestic consumption'. In return for their acquiescence, however, Brown promised another compromise: that Labour would be prepared to work with the SD to find a way forward on 'other important items relating to the European situation'.[53] Quite what Brown meant by this went unrecorded. But it is probably down to the first secretary of state's assurances that Krag could talk of Labour's commitment to the Six and its willingness to find

[51] Statsministerens tale ved et aftenmøde i Flensborg, 9 September 1965, box 78, Krag papers, ABA.

[52] Bidrag ved. markedspolitik til brug for statsministeren ved fjernsynsdiskussion med folketingsmand Hartling, undated, box 78, Krag papers, ABA.

[53] Brown to Wilson, 20 September 1965, MS Eng c.5002, George Brown papers, Bodleian.

another route to the Community other than bridge-building.[54] And despite all the problems inherent in the bridge-building approach, the SD did win Labour's support for an issuing of a formal invitation to the Six when EFTA ministers met in Copenhagen at the end of October. The EFTA secretariat was (on the SD's insistence and with Labour acquiescence) also asked to review and analyse the economic impact of convergence between the Seven and the Six.[55] In return for accepting the surcharge, the SD thus retained the more cherished of its aims: Labour would continue to talk about 'Europe'.

Moving towards the Community

Implicit in this was a third, far-reaching change that appeared to be under way in 1965: a willingness by Wilson to consider more carefully how the EEC might play a role in British foreign policy thinking. Quite when Wilson 'turned' to support EEC membership has long polarised scholars. The most convincing and detailed analysis of the subject posits that Wilson was probably first attracted to the Community in January 1966, with economic crises, internal political pressures, failings in the Commonwealth, concerns over defence and electoral considerations all combining to ensure that by July that same year no alternative existed other than for Labour to deepen Britain's ties with the Six.[56] For others, the point at which Wilson decided to push Britain towards mainland Europe came much earlier. There are, for instance, those who suggest Wilson planned to move towards the EEC even before Labour won the 1964 election.[57] And even some recent scholarship has suggested that the prime minister sought EEC membership from at least the moment Labour came to office.[58] Historians holding this latter view tend to see bridge-building not as a reactive policy but rather as part of longer-term strategy designed to obtain full British Community membership.[59]

These latter interpretations do not really withstand historical scrutiny. Wilson did admittedly flirt with the idea of British EEC accession prior to 1964. Indeed, as Chapter 1 sought to show, the then shadow chancellor had initially been fairly open to British membership as a preferable economic

[54] Manuskript til statsministerens tale ved et aftenmøde i Flensborg, 9 September 1965, box 78, Krag papers, ABA; Bidrag ved markedspolitik til brug for statsministeren ved fjernsynsdiskussion med Hartling, 22 September 1965, box 78, Krag papers, ABA.

[55] EFTA Secretariat, *Sixth Annual Report of the Free Trade Association* (Geneva: EFTA Secretariat, 1966), 8–10; Ministermøde, 19 October 1965, box 1567, SD, ABA.

[56] Parr, *Britain's Policy*, 62–89.

[57] John Dickie, *Inside the Foreign Office* (London: Chapmans, 1992), 98.

[58] Steinnes, *British Labour Party*, 79–89.

[59] Steinnes, *British Labour Party*, 82–89.

and political alternative to the narrower EFTA. Despite Wilson's public enthusiasm for membership soon waning in the summer of 1960, it is also true that since that date he remained committed to somehow narrowing the gulf between the Seven and the Six; the concerns he had expressed in the aftermath of the collapse of the FTA in 1958 had in this sense not just simply ceased to matter.[60] But very little then or in the months after Labour's October 1964 electoral victory suggests that Wilson was going to make the sort of concessions that he later would, or that full entry to the EEC was what he had in mind when he talked vaguely of Britain developing a closer relationship with the Six. Comments made to Krag at Churchill's funeral are a case in point. As Wilson told his Danish counterpart:

> there was no prospect of a new negotiation for British adherence to the EEC. So long as adherence to the Community would deny us the right to buy cheap food from the Commonwealth there was no basis for a negotiation. On top of this underlying fact was the uncompromising attitude of de Gaulle.

Thanks to trade with the Commonwealth and fears of another de Gaulle rebuff, Labour foreign policy was therefore to be based not on a 'European solution but an Atlantic solution' marked by a 'continuing and probably increasing role east of Suez and our trade links with the Commonwealth'. A working relationship with the Community, especially in the realm of defence, technology and industry, was possible. But full British EEC membership was clearly not on the cards.[61]

The full force of reaction to the surcharge did also compel Wilson to review Labour's attitude to European integration. Bridge-building came to form one element of this reassessment. Another rather more unlikely but closely connected element was the so-called Munchmeyer plan. At its heart, this German-inspired proposal would allow the Common Market members to join EFTA – an idea not too dissimilar to one Wilson had himself outlined at the Harpsund meeting of socialist leaders earlier in July 1963 (discussed in Chapter 2), which had been readily rejected then, and was likely to be as spurned now, by the SD as unfeasible.[62] Again, however, neither of these proposals meant that the Labour leader was ready fully to accept EEC membership. On the contrary, Wilson seemed content with a solution short of full entry. The most intriguing piece of evidence in this

[60] Wilson's note on Socialist International party leaders' conference, Brussels, 15–16 July 1962, MS Wilson c.873, Wilson papers, Bodleian.

[61] Record of meeting between Wilson and Krag, 29 January 1965, PREM 13/317, TNA.

[62] Wilson admitted that he thought Munchmeyer was the easiest way of lowering tariffs between EFTA and the EEC. Note of meeting with Wilson, file 10/13, 7 July 1965, Hetherington papers, BLPES.

regard comes from comments made by Wilson during a private meeting with Krag on the eve of the Chequers meeting:

> I asked Wilson whether it was realistic to imagine that England, if not now then at least within a few years, would resume negotiations for British membership of the Common Market. He hesitated to answer but then said that it was not impossible: such negotiations might well happen in the future. Since this response is quite different from what Wilson has previously said, I asked him about what obstacles had to be removed to make an application in a few years. He said that it was no secret that the biggest obstacle to British membership was de Gaulle.[63]

According to Krag, blaming de Gaulle was hardly explanation for a failure by Britain to adopt a more constructive approach to European cooperation. Pushing Wilson on the issue, the Labour leader then revealed his still fundamental opposition to Community membership: 'He replied that what concerned him was the EEC's agricultural policy and it was this that caused the biggest difficulty'. Wilson, Krag recorded, 'did not want to introduce high food prices and would not waive the right to buy grain and goods at cheap prices' – evidence both of the Commonwealth's continuing importance in Wilson's thinking and concerns about accepting elements like the CAP that went with EEC membership. To this end, association with rather than membership of the Community was something of a possibility:

> It was his view that it was a shame that Macmillan did not attach greater weight to this idea. Seen through Wilson's eyes, association as an option could have the advantage that relations with the Commonwealth would largely be kept intact and that Britain would not be involved in political integration plans on the continent.[64]

These comments contradict those who have since claimed that association was an option that never interested Wilson.[65] What they also do is reaffirm the argument that Labour was not yet ready to seek full EEC membership in mid-1965. A change of some sort in the UK–Community relationship appeared certain. But full membership of the Community was clearly not yet the chosen path.

Such sentiments were also confirmed in private. Responding to pressure from Burke Trend, the cabinet secretary, Wilson agreed to set up a restricted ministerial committee to consider the viability of Britain remaining outside the EEC while it sought closer functional collaboration with it through

[63] Statsministerens samtale med premierminister Wilson, 23 April 1965, box 76, Krag papers, ABA.

[64] Ministermøde, 27 April 1965, box 1567, SD, ABA.

[65] See, for instance, Young, *The Labour Governments*, 147.

EFTA.[66] The prime minister also commissioned a series of reports from leading Labour ministers – one from Brown, a vocal pro-European, and Jay, a prominent anti – variously to discuss the political, economic and trade implications of EEC entry, the results of which given Brown's and Jay's own bias were hardly surprising.[67] And Wilson even allowed the topic of eventual British membership to be discussed during a cabinet meeting in early May.[68] The Labour leader was thus prepared to accept that Labour might have to adjust its stance on EEC membership, and accordingly set in train a limited number of measures designed to explore the possibility of doing so. But the actual policies he pursued in this period once more demonstrated that he was not yet ready to enter the EEC as things stood. Bridge-building, Munchmeyer and association were all somewhat outlandish variations of the same theme: Wilson recognised that Britain ought to have some type of new relationship with the Six, but full Community membership was not yet it.

Association of the sort imagined by Wilson held limited attractions for the SD. The concept itself was of course by no means alien to Krag and his team. As we have already seen, the party leadership had indeed toyed with Danish EEC association in 1959 as one of its three proposals designed to overcome what was then the emerging deadlock between the Seven and the Six. And as was further examined in Chapter 2, the response of the SD to de Gaulle's 1963 veto cannot be understood without a reference to the party's decision seriously to consider EEC association. But in each case the Danish had envisaged association as a short-term fix on the way to full British and Danish accession to the Six and one that would guarantee it immediate access to the Community's agricultural policy.[69] For Wilson, by contrast, the very essence of association seemed instead that it would on a more permanent basis allow Britain to eschew the CAP altogether in the belief that this would best protect domestic agriculture and existing food imports from the Commonwealth. Association for the Labour leader was in other words something much closer to the original FTA plan than the stepping-stone to the EEC that was foreseen by his SD counterpart.

This explains why at the April 1965 Chequers meeting Krag chose to dispel the myth that any type of shift to the EEC could viably exclude

[66] Trend to Wilson, 24 March 1965, PREM 13/306, TNA.

[67] Balance of advantage to trade of UK membership of EEC, 9 July 1965, CAB 134/1773, TNA.

[68] CC(65)30th, 13 May 1965, CAB 128/39, TNA.

[69] Statsministerens samtale med premierminister Wilson, 23 April 1965, box 76, Krag papers, ABA.

agriculture.[70] Far more substantial was the determination by Krag to convince the Labour leader that any type of deal with the EEC, be it bridge-building or association, ought to be seen as a first step towards full Community membership rather than an end in itself.[71] But in each instance Wilson seemed unwilling to consider membership as Krag hoped. The communiqué from the Chequers meeting was hence clear in its assessment that the 'question of Britain or other European states joining the EEC will not arise for several years'.[72] And speaking at the EFTA parliamentarians meeting later on 2 May, the Labour MP Sir Geoffrey de Freitas dismissed suggestions that the government was about to launch an application, stating instead that at Chequers 'the leaders present had simply decided they wanted to try to find functional links between the two groups, and that they would study what policies or organisation were needed for this purpose'.[73] No political decision on whether Britain would announce a bid therefore seemed forthcoming, and those on both sides of the North Sea expectant that Wilson would announce an application to the Community were made to focus their hopes on bridge-building.

By the time Krag next met Wilson during a private holiday to Britain on 24 November, however, the prospects of a renewed bid appear to have increased dramatically. The meeting between the two men was informal 'on the grounds of the close personal relationship between them' rather than at the prime ministerial level.[74] Business was discussed, however, not least Wilson's plans for Labour European policy. And the prime minister's rhetoric on British EEC membership was altogether more measured. Rather than alluding to the limitations of Community entry or the viability of alternative solutions such as association, Wilson chose instead to emphasise that Labour did now intend to consider a full application to the EEC. Krag's diary records specifically what Wilson had in mind: 'It is his intention to hold the general election in May (preferably) or October. No change in European policy until then'. On the face of it the implications of such a statement seemed axiomatic: weeks before the close of 1965 it was not just the act of joining, but the timing of British EEC accession also, that now formed part of Wilson's broader thinking on 'Europe'.[75]

[70] Krag's notes from Chequers, 24 April 1965, box 76, Krag papers, ABA.

[71] Transcript of Krag's speech at Chequers, 24 April 1965, box 76, Krag papers, ABA.

[72] Socialist International party leaders' meeting press release, 24 April 1965, box 1964–87 LP Socialist International misc., LHA.

[73] Notes of EFTA parliamentarians meeting, 2 May 1965, box 3, LPID, LHA.

[74] Lidegaard, *Jens Otto Krag II*, 242.

[75] Krag diary, entry 24 November 1965, ABA.

How should Wilson's somewhat laconic admission to Krag be interpreted? It certainly led Krag to suspect that a change in Labour policy would be forthcoming.[76] But a detailed analysis of the letters exchanged between the Labour premier and his own ministers in the closing weeks of 1965 suggests that a degree of caution is required when arguing that Wilson had by November already decided to embark on a membership bid. There were certainly those in the Labour Party hierarchy adamant that a fresh application was the move that Britain next ought to make, Michael Stewart writing at the beginning of December to urge Wilson to issue a memorandum stating Britain was ready to accept the Treaty of Rome in full.[77] But Wilson was cool towards the idea of a so-called declaration of intent. By way of response the prime minister indeed made plain his dislike of supranationalism, his concern about the cost of membership on the Commonwealth and on the price of living and, perhaps most fundamentally of all, his fear that accepting the EEC's founding treaty as it stood might mean sliding inexorably into a European federation, something seen by Wilson as a threat to Britain's foreign policy independence and its existing commitment to the Atlantic Alliance.[78] It was thus left extremely clear that the Labour leader would not yet sanction any move by Britain towards the Six.

Nevertheless, it is still possible to draw a few conclusions from Wilson's comments to Krag. First, the expectation that European policy would not change until after an election underlined the extent to which the Labour leader was already keenly aware of his domestic political limitations. Wilson ruled as prime minister with a wafer-thin majority of just four seats. By agreeing with Krag that the government would not launch any European initiative until after the next election, Wilson signalled that he would only risk launching a bid for membership once Labour had secured an acceptable majority in the Commons and the party leadership was confident of winning enough support for membership from backbenchers. Such a concern reflects how central the unity and support of the PLP was to the overall pursuit of British European policy in this period.[79]

Second, the gap between what Wilson told Krag and what Wilson discussed with his own ministers was revealed. The Labour leader was well known for being able to tell different audiences very different things. Few would have been surprised therefore if Wilson's comments, emphasising that a change in Labour European policy was forthcoming, were made

[76] Udkast til statsministerens nytårstale 1966, 21 December 1965, box 84, Krag papers, ABA.

[77] Stewart to Wilson, 10 December 1965, PREM 13/905, TNA.

[78] Comments by Wilson on Stewart to Wilson, 10 December 1965, PREM 13/905, TNA.

[79] Author's correspondence with Joe Haines, January 2008.

simply to appease Krag. But it is too easy to dismiss the incident as another Wilsonian ploy. Krag was much too shrewd a politician to let Wilson play politics. Nor should it be forgotten that here were two men, long-standing colleagues and trusted friends, talking in private about an issue that had dominated much of their political lives. There was thus, probably at least, an element of truth in what was said. This point has added power when considering that Wilson's remarks were to prove highly prescient in as much as the 1966 election, which would take place in March rather than May or October, would eventually see the beginning of a very public transformation in Labour European policy. Overall, then, his reluctance to accept a declaration of intent thus indicates that at the close of 1965 Wilson was not yet prepared fully to accept all the terms of the Treaty of Rome. But if Wilson was holding out on the conditions of British entry were a problem, support for the principle itself was clearly no longer the impediment it once was. His confiding in Krag does consequently point to Wilson being willing to consider a bid already before the year was out. A decisive change in the Labour leader's thinking, it seemed, was in the offing.

Stirring things up

It took until January 1966 for a more clear-cut shift in Wilson's European strategy finally to become visible. The key moment was a meeting with Stewart on 19 January – exactly eight weeks after Krag's visit – when the prime minster suggested that Britain 'probe' the Community member states in order 'to obtain an up-to-date reappraisal of the attitudes of each of the Six governments to our making a renewed attempt to negotiate entry'. Wilson, it is true, continued to resist making any declaration of intent as Stewart had proposed earlier in December since it would equate to a readiness on Britain's part to accept the Treaty of Rome in its entirety. But a tour of the Community capitals by 'some very prominent figure in British life' was in Wilson's reasoning far preferable since it would amount to an 'overt demonstration of our continuing interest in Europe' without committing Britain fully to accept the various nuts and bolts that EEC membership carried.[80] A day later Wilson was even more forthright in a meeting with Hetherington. The prime minister was apparently 'thinking of stirring things up a bit. He was going to make an offer to the Common Market'.[81] A shift in Britain's relationship with the EEC now appeared certain.

[80] Report of meeting between Wilson and Stewart, attached to Stewart to Wilson, 21 January 1966, PREM 13/905, TNA.

[81] Note of meeting with Wilson, file 11/4, 20 January 1966, Hetherington papers, BLPES.

Why had Wilson decided to give fresh impetus to membership? For a start, disillusionment in the economy was now widespread.[82] The import surcharge would admittedly help turn a balance of payments deficit in 1964 into a surplus by 1966. But confidence in the economy remained perilously low throughout this period. Already in November 1964 investors had questioned whether sterling's $2.80 parity was sustainable, which resulted in further attacks on the currency and the Bank of England being forced to borrow $3 billion worth of credit as part of its defence. Throughout the intervening months these concerns only became more vocal, so much so that by the summer of 1965 ongoing doubts about the health of the economy and the value of the pound led to a second sterling crisis, the consequence being a run on the currency and a further collapse in British reserves.[83] All this was exacerbated further because Labour's flagship economic policy, the national plan, seemed increasingly insufficient to deal with these various crises or a more long-term transformation of the economy as was originally hoped. Membership of the Community in this sense became a more realistic proposition simply as a way of bolstering economic growth and restoring faith in the British economy.[84]

A second, not unconnected, reason for Wilson's 'turn' had to do with the Commonwealth.[85] The balance of payments issue had doubtless worsened thanks to the very obvious failure by Labour to regenerate the economic relationship between Britain and its former empire. After all, despite the best efforts of the prime minister and figures such as Douglas Jay, British exports to the Commonwealth continued to fall under Labour.[86] But arguably more challenging was the political turmoil in the Commonwealth and in particular the Rhodesian crisis, which began with Ian Smith's Unilateral Declaration of Independence in November 1965 and reached its apogee two months later. Here, at a special conference of the Commonwealth, Britain barely managed to stem the ensuing anger of the black African countries, with many threatening to quit the Commonwealth in response to Smith.[87] Not only did this expose Wilson to the fragilities of

[82] Joseph Frankel, *British Foreign Policy, 1945–1973* (Oxford: Oxford University Press, 1975), 165–66.

[83] On the first and second sterling crises, Michael D. Bordo, Ronald MacDonald and Michael J. Oliver, 'Sterling in crisis, 1964–1967', *European Review of Economic History*, 13, 3 (2009), 441–42.

[84] David Kavanagh and Peter Morris, *Consensus Politics from Attlee to Major* (Oxford: Blackwell, 1994), 106.

[85] Lieber, British Politics and European Unity, 261–63.

[86] Britain and the EEC: Trade with and the commercial effects on the Commonwealth, 12 June 1967, Econ Ctee. 16/6, MSS 292B/564.73/1, TUC, MRC.

[87] On Rhodesia, Young, *The Labour Governments*, 169–88; Carl Peter Watts, *Rhodesia's*

the Commonwealth but it also demonstrated more clearly than anything the realities of British political overstretch. With the Commonwealth ever more a liability than an asset, the country seemingly had few other places to go than the EEC.

Third and just as pressing was that an EEC application could well form part of Britain's broader response to a more boisterous France.[88] Here there seems to have been an ever clearer nexus in the mind of the Labour leadership between the ongoing empty chair crisis and de Gaulle's ever more erratic approach to NATO. Contrary to original interpretations of the July 1965 breakdown, the stalemate in the Community had rather less to do with French opposition to either supranationalism or the Commission and European Parliament in the workings of the EEC. Rather, the Germans and Italians were increasingly aghast at the cost of the Community's agricultural fund – of which these two countries were the biggest net contributors – and ever more impatient with French reluctance to consider changes to the existing financing system.[89] And they were likewise incensed by both Paris's conceptualisation of political union – enshrined in the ultimately unsuccessful Fouchet plan first proposed in 1961, which de Gaulle had hoped would transform the EEC into a looser 'union of states'[90] – and its objections to the implementation of common tax and commercial policies. All this meant that the Five (the Six minus France) and the Commission had little choice but to stand up against de Gaulle. If the EEC was to thrive and be created less in the image of France alone but instead made to work for all six EEC members, the other members would have to show the French president that they would not be prepared to allow French dominance or feet-dragging to continue. It was in this sense only when de Gaulle's bluff was called – the president regularly threatened to leave the Community despite others knowing full well that France did very well politically and, given the agricultural subsidies directed to French farmers, economically from Community membership – that he chose reactively to turn the crisis into one about Commission mission creep.[91]

Unilateral Declaration of Independence: An International History (Basingstoke: Palgrave Macmillan, 2012).

[88] Something recognised by Stewart himself; see Michael Stewart, *Life and Labour: An Autobiography* (London: Sidgwick and Jackson, 1980), 162ff.

[89] For the revisionist take, Ludlow, 'Challenging French leadership in Europe'. Traditional interpretations include Camps, *European Unification in the Sixties*, 58ff. See below in Chapter 6 for a discussion on the agreement on agricultural financing under de Gaulle's successor, Georges Pompidou.

[90] On Fouchet, among others, Georges-Henri Soutou, 'Le général de Gaulle, le plan Fouchet et l'Europe', *Commentaire*, 13, 52 (1991), 757–66.

[91] Ludlow, 'Challenging French leadership in Europe'.

At first all this necessitated little response from the British Labour government. But it was according to the most detailed account of the period at least de Gaulle's September 1965 threat during the crisis also to pull out of NATO that eventually propelled London to act.[92] The Foreign Office seemed especially convinced, and appeared in turn to have successfully persuaded Wilson, that an application to the EEC would 'shore up the integrity of the [Atlantic] Alliance'. For a British bid would variously amount to a vote of confidence in the Five, further bolster their numbers vis-à-vis Paris, minimise French actions by showing the Community was still a strong, going concern despite de Gaulle's decision to withdraw representatives from Brussels, and ensure that the Five remained committed to NATO. And it did also little harm also that, with France temporarily out of the picture, a British membership bid now would help ensure that Germany was not left to dominate the Community at a time when many in London and Washington doubted the virtues or ability of Bonn being left singly to stand up to Paris.[93]

This being Wilson, inter- and intra-party political point-scoring was also likely to have played a role and is the fourth and final factor that helps us make sense of Wilson's decision. One element of this doubtless had to do with the fact that Edward Heath, the pro-Community former lord privy seal who under Macmillan was largely responsible for negotiating Britain's first EEC membership bid, had recently been elected as the new Conservative leader.[94] A rivalry between Wilson and Heath would dominate British politics for a decade, but it is not unreasonable to think that already in early 1966 Wilson sought to outwit the opposition leader by taking on what was widely considered a traditional Conservative policy.[95] Another aspect, however, is that Wilson probably also wished to secure his own position as leader. An application would, for instance, go some way to appeasing pro-Europeans like George Brown in the cabinet. Still broadly seen as a figure of the Labour left, Wilson, by being personally identified with a shift towards the EEC,

[92] Elisabeth Barker, *Britain in a Divided Europe, 1945–70* (London: Weidenfeld and Nicolson, 1972), 219; Parr, *Britain's Policy*, 55ff.

[93] On the possible influence of the USA in the decision, Kitzinger, *The Second Try*, 12. On the importance of the EEC in rescuing British standing in the USA, Alan Dobson, 'The years of transition: Anglo-American relations 1961–1967', *Review of International Studies*, 16, 3 (1990), 239–58.

[94] Lieber, *British Politics and European Unity*, 263; Frankel, *British Foreign Policy*, 35.

[95] Wilson admitted to Hetherington that he hoped to 'corner Heath'. Note of meeting with Wilson, file 11/2, 20 January 1966, Hetherington papers, BLPES. On Heath and the Conservatives in this period, Philip Lynch, 'The Conservatives and the Wilson application', in Oliver J. Daddow (ed.), *Harold Wilson and European Integration: Britain's Second Application to Join the EEC* (London: Frank Cass, 2003), 56–74.

might also have hoped to win the favour of pro-Community advocates on the Gaitskellite right like Jenkins.[96] Announcing a probe of the Six to discover whether Britain was able formally to apply for EEC membership would hit several political birds with one rather considerable stone.

Whatever the exact reason, Wilson's comments to Stewart confirmed what he had in effect admitted to Krag two months earlier: that he finally accepted Britain could no longer ignore the issue of Community entry. This fact alone intensified debate within Labour about the EEC. For some in the party, a more overt demonstration of support for membership was an eagerly awaited step. The clearest example of this trend came in a *Socialist Commentary* article written by Roy Hattersley, the young MP for Birmingham Sparkbrook. Hattersley reminded readers that 'no matter how much force the "five conditions" had in 1962, they have very little today', dismissing both the Commonwealth and EFTA as viable alternatives to British EEC membership and warning that, with the failure of bridge-building, the government had a duty 'to make sure that the economic and commercial gulf between Britain and the Six is not widened'.[97]

Opposition to this view came most obviously from officials in Labour's international department. An internal memo penned shortly before the March general election stressed that it made little sense for Britain to seek Community accession, if only because of problems connected to sovereignty and the likely impact of an increasingly political EEC on the freedom to pursue an independent foreign policy. But these concerns paled into virtual insignificance when considering that Britain, a net food exporter, would have to abandon its reliance on cheap imports from the Commonwealth in favour of higher-priced Community produce within the EEC's common tariff walls. Not only would this have obvious implications for Commonwealth producers who would soon find themselves selling far less, but it would also probably increase the cost of living for British people – with the international department reckoning that food prices would increase £400 million a year, or around £22 a year for the average family.[98] The very clear conclusion reached was therefore that a Labour government ought to remain in EFTA and press on with 'practical cooperation' with the EEC, including expanding the impressive technological cooperation already witnessed between Britain and France on projects such as Concorde

[96] Chris Wrigley, 'Now you see it, now you don't: Harold Wilson and Labour's foreign policy'; Richard Coopey, Steven Fielding and Nick Tiratsoo (eds), *The Wilson Governments 1964–70* (London: Pinter, 1993), 130; Broad, *Labour's European Dilemmas*, 62–63; Parr, *Britain's Policy*, 63.

[97] *Socialist Commentary*, February 1966.

[98] Put in context, the average weekly wage in 1966 was around £20.

and the Jaguar strike trainer aircraft.[99] Divisions within the party over membership were already palpable.

Meeting with Mansholt

It was perhaps misgivings about the cost of living that prompted Wilson to take soundings about the likely implications of the Community's agricultural policy on Britain. This came in the form of a meeting on 15 January between Gwyn Morgan, the party's overseas secretary, and representatives of the German and Dutch centre-left – including EEC agricultural commissioner Sicco Mansholt. The most immediate question to be confronted was how the two sides could tackle the thorny issue of agriculture in any possible negotiations. The commissioner and the German and Dutch representatives all variously raised objections to any sort of opt out or special deal on agriculture for Britain should it decide to join. But what they did do was to recognise that compromise would be absolutely necessary since adhesion to CAP would have profound consequences for Britain. And alongside this remarkably considerate tone also came constructive ideas about how best to proceed. Most notably from Mansholt was the suggestion of a corrective mechanism, which would use 'social funds' and revenue raised through levies on imports from third parties to compensate for both higher food prices and a possible decline in the standard of living of British farmers. Mansholt also recommended Labour avoid repeating the mistakes of the Macmillan government – whose negotiations for membership had raised a whole raft of points that were only ever likely to be considered contentious by the Six – by first announcing Britain's basic support for the Treaty of Rome and then limiting any talks with the Community to a few specific questions relating to Anglo-Commonwealth trade.[100] Morgan was thus left with a much clearer sense of what Labour needed to do to accede to the EEC, how its member states were likely to react to an application, and the possible arguments to help appease those in the Labour Party concerned about the effects of membership on the cost of living.

Viewed in its entirety, it is probably inaccurate to view this incident as Wilson having fired the starting pistol on British membership talks.[101] Morgan's visit was more fact-finding mission than negotiations proper; at most the meeting could be termed pre-negotiations and still more credible

[99] Britain and Europe, OV/GE/1, box 18 (6): International sub-committee minutes and documents, 1966–68, LHA.

[100] Notes of meeting and transcript of speech by Mansholt, 15 January 1966, box 121, Sicco Mansholt papers, IISH.

[101] Although Kristian Steinnes claims as much. Steinnes, *British Labour Party*, 92–95.

an example of what Wilson initially meant by a tour of the Six, in that it was an opportunity for Labour to assess the kind of terms on which Britain might join the EEC. But the Mansholt gathering was not insignificant, since it showed that informal party contacts could be highly beneficial to the broader process of British European diplomacy. It is also noticeable that the socialist get-together came some four days before Stewart's meeting with Wilson, at which point Wilson proposed the tour of the Six. It is hence not unreasonable to assume that the display of understanding from Mansholt in Britain's predicament with regard to the Commonwealth and domestic agriculture helped make Wilson all the more convinced that Britain ought to move closer towards the Community. And the positive mood created by these discussions was probably sustained a fortnight later when, on 30 January 1966, the Six finally ended their dispute by adopting the so-called Luxembourg compromise, lessening another impediment to an application.[102]

The Labour leadership could thus head into the March general election confident that British EEC membership was now a realistic proposition. Little wonder that the Labour leader was for the first time during the campaign willing publicly to endorse British membership on certain terms. Commenting on the shift in Labour's tone at the launch of the party's manifesto, Wilson spoke of a 'new realism about our […] commitments in the modern world' guiding Labour foreign policy.[103] And at a rally in Bristol a week later, Wilson reiterated his view that 'if vital British and Commonwealth interests are to be safeguarded' Britain would join – although he stopped short of delineating quite what conditions Labour would seek and instead simply noted that they would be superior to any terms the Conservatives could negotiate.[104] Even so, Wilson was clearly sold on the principle of membership. When the party was re-elected on 31 March with a convincing victory – a 96 seat majority, a swing of nearly 4 per cent – it seemed certain that the new government would soon lurch decisively towards Brussels.

[102] Helen Wallace, 'The domestic policy making implications of the Labour government's application for membership of the EEC, 1964–1979' (PhD thesis, Manchester University, 1975), 160. On the compromise, N. Piers Ludlow, 'The eclipse of the extremes: Demythologising the Luxembourg compromise', in Loth, *Crises and Compromises*, 247–64.

[103] Speech at launch of election manifesto in Transport House, March 1966, MS Wilson c.1135, Wilson papers, Bodleian.

[104] Transcript of speech at Central Hall, Bristol, 18 March 1966, MS Wilson c.1135, Wilson papers, Bodleian.

From election to impasse

SD reaction to this more encouraging tone from Labour was overwhelmingly positive.[105] The party leadership had already spent the first few months of 1966 shoring up the case for Danish membership in anticipation of a change in Labour's stance. A host of speeches and newspaper articles for public consumption, and statements made in private meetings of the party and the Folketing, all made clear that Denmark had no choice other than to join the EEC together with Britain if it hoped finally to settle the matter of agricultural trade.[106] And it was precisely because Labour seemed likely to move Britain closer to the Community that the SD argued people ought to ignore claims by the Agrarian Liberals to launch an isolated application. The very clear message sent by the Krag government was instead that Denmark was now best waiting for a seemingly imminent British application. Victory for Labour in the March general election served only to underline this expectation.[107]

Public protestations by the Labour leadership did not, however, mean that any move by Britain towards the Community would necessarily be swift. On the contrary, progress following the March election victory would prove so painfully slow that it was questionable whether Wilson would even launch a probe of the Six by the end of the year, let alone a fresh application. Part of the problem was that the British economy was still in a perilous state. This provoked calls for the government to delay an application until the balance of payments could withstand entry and Britain was able to demonstrate to the Community that its economic position would not destabilise the economies of the Six.[108] Still others, especially Foreign Office officials, thought it better to withhold a bid so that the EEC could be allowed to resolve any latent disagreements among themselves before they were forced to turn their attention to enlargement.[109] The March election thus marked a public shift in Labour's stance but little else.

Every bit as problematic for the British bid was de Gaulle. It certainly did not bode well that the French president had hitherto given little sign that he had changed his mind on British entry since his veto of 1963. As thorny an issue was France's ever more erratic defence posture. As we have

[105] Krag to Wilson, 1 April 1966, box 88, Krag papers, ABA.

[106] Oplæg til statsminister Krags mandagskronik i *Aktuelt*, 14 February 1966, box 86, Krag papers, ABA; Bidrag ved. markedspolitiken til brug for statsministerens tale i Løkken, 4 March 1966, box 84, Krag papers, ABA.

[107] Kristiansen to Hækkerup, 21 March 1966, box 82, Krag papers, ABA.

[108] Figgures to O'Neill, 17 March 1966, EW 24/53, TNA.

[109] Roberts to FO, 29 April 1966, FO 371/188334, TNA. See also Parr, *Britain's Policy*, 70–79.

already seen, one fact which had seemingly influenced Wilson's transformation in favour of British membership was because entry could attenuate French influence in the Community and strengthen NATO by confirming the EEC's support for the Atlantic Alliance. And the decision by de Gaulle, announced on 9 March, to withdraw France from the NATO command structure seemed only to strengthen the need for British membership in the long term.[110] But it was also entirely possible that any application made in the short term would simply allow Paris to argue that Britain was exploiting the crisis for its own ends and that it was hoping to push France out of NATO and the EEC by ganging up with the Five, so justifying de Gaulle's behaviour. Or, alternatively, France might be tempted to extract concessions from NATO, including a greater say for France in its overall political direction, in return for admitting Britain to the Community. Despite the growing mood in favour of membership from within the Labour leadership, and the party's more solid parliamentary footing, in the spring of 1966 it was therefore still not entirely clear if, when or how Britain would join the EEC.[111]

All these factors help explain why, less than a month after Labour won the general election, debate once again raged in Denmark about the country's position in Europe. Labour inaction gave a fillip to the agriculture lobby and the Agrarian Liberals in the Folketing, who pressured the SD government to condemn membership of EFTA and negotiate lone entry to the Six.[112] Alongside this political bluster there was also now a much firmer economic case supporting immediate Danish accession to the EEC. Figures for 1965 showed that agricultural exports to the Seven had essentially stalled, recording growth of less than 1 per cent overall and a decline in the value of sales to Sweden, Norway and Switzerland. In practice, this meant that there was little capacity in EFTA to absorb any more Danish agricultural goods and facilitate further growth (see Table 3.1). As seen from Copenhagen, EFTA looked ever more redundant a grouping.

Coupled with this was the more familiar concern about access to the EEC market. Danish exports were indeed being stymied by the Community's external tariff and the so-called preference rule, which saw the Six favour trade among themselves (Table 3.2). As a result, between 1959 and 1964 the value of Danish exports to West Germany actually fell by nearly 20 per cent – a figure that would only get worse since Danish exports of cattle to Germany were now subject to new levies – while in 1964–65 alone the

[110] International consequences of de Gaulle's foreign policy, 25 March 1966, CAB 148/69, TNA.

[111] Parr, *Harold Wilson*, 71–79.

[112] Mourier to Krag, 25 April 1966, box 92, Krag papers, ABA.

Table 3.1: Denmark's agricultural exports to EFTA and Finland, 1959–65

	1959 (in million kroner)	1964 (in million kroner)	percentage increase or decrease 1959–64	1965 (in million kroner)	percentage increase or decrease 1964–65
Austria	19	24	+ 26.3%	37	+ 54.2%
Finland	21	37	+ 76.2%	48	+ 29.7%
Norway	27	53	+ 96.3%	47	– 11.3%
Portugal	1	5	+ 400.0%	19	+ 280.0%
Sweden	116	214	+ 84.5%	211	– 1.4%
Switzerland	54	214	+ 296.3%	153	– 28.5%
UK	2,138	2,688	+ 25.7%	2,742	+ 2%
EFTA totals	2,376	3,235	+ 36.1%	3,257	+ 0.7%

Source: Danmarks eksport til EFTA og EEC af landbrugsvarer incl. kød og mælkekonserves, box 92, Krag papers, ABA.

Table 3.2: Denmark's agricultural exports to the EEC, 1959–65

	1959 (in million kroner)	1964 (in million kroner)	percentage increase or decrease 1959–64	1965 (in million kroner)	percentage increase or decrease 1964–65
Benelux	71	88	+ 23.9%	100	+ 13.6%
France	145	170	+ 17.2%	169	– 0.6%
Germany	1,442	1,162	– 19.4%	1,274	+ 9.6%
Italy	299	477	+ 59.5%	426	– 10.7%
EEC totals	1,957	1,897	– 3.1%	1,969	+ 3.8%

Source: Danmarks eksport til EFTA og EEC af landbrugsvarer incl. kød og mælkekonserves, box 92, Krag papers, ABA.

drop in agricultural exports to Italy was over 10 per cent.[113] And while the growth in trade with the EEC more generally was now outpacing that with EFTA – demonstration of the Community market's economic

[113] Agricultural cooperation in EFTA: Report by the agricultural review committee, 12 April 1966, box 78, Krag papers, ABA.

vitality and increasing significance for Danish goods compared with the Seven – it was similarly axiomatic that sales stood nowhere near their full potential.[114] The need for a solution to Denmark's agricultural problem hence became ever greater.

Frustration with Labour inaction and these dismal economic figures were directly linked to the subsequent SD quest for possible isolated membership of the Community. Not for the first time, SD ministers seemed aware of the political capital to be gained both domestically and internationally from suggesting that Denmark might need to eschew Britain and seek its own path to the Six. If this suggested that an isolated application to join the Six was nothing but bluff, Krag's public warnings that 'Danish unilateralism' was no easy fix to the country's agricultural woes also suggested that an isolated application would not be something the SD government intended to pursue overnight.[115] But what differed this time was first the very public debate over the idea and the steps taken in private to set the stage for an isolated bid. This potentially toxic mix for Labour meant that there was in fact a much greater chance than before that Denmark would actually leave EFTA and take the plunge towards Brussels. Public signs that this might indeed be the case first emerged at a party meeting in the southern town of Maribo on 23 April, when the Hækkerup – who had until now resisted stating publicly that Denmark might have to join the Community alone – claimed that EFTA membership would be 'exhausted' by the end of the year.[116] Similar sentiments were also seen in private. Revealingly, a meeting with de Gaulle on 18 April saw Krag ask whether association was still an option for Denmark, the two agreeing to establish a Franco-Danish committee to review matters of mutual trade interest and economic relations between Denmark, France and the Six as a whole.[117] The SD leader did not mention the possibility that Denmark might leave EFTA when he discussed the matter with Lyndon Johnson five days later, but he did bemoan Labour's attitude for being 'very cautious' before stating that 'it is our judgement that the British government is not at present inclined to give

[114] Landbrugsrådet, Informationsafdelingen, 16 May 1966, box 92, Krag papers, ABA.

[115] Statsminister Krags mandagskronik i 'Aktuelt', 14 February 1966, box 86, Krag papers, ABA.

[116] Copy of article in *Aktuelt*, 23 April 1966, box 86, Krag papers, ABA; Henniker-Major to FO, 25 April 1966, FO 371/188441, TNA.

[117] Statsministerens samtale med den franske præsident, 18 April 1966, box 83, Krag papers, ABA. De Gaulle's reply as to whether Denmark could associate was not recorded, but Krag did later acknowledge that 'the French government would very much welcome Denmark as a member', see *The Times*, 28 September 1966.

up its conditions for entry into the Common Market'.[118] And the most noteworthy indication yet of a shift in SD policy came on Krag's return to Copenhagen, when he and Hækkerup met with Anders Andersen, the chair of the Agriculture Council, to discuss a possible isolated bid.[119]

By the end of April the SD and Labour were therefore on a collision course. But both sides had an incentive to try to overcome this. Discussions between the SD leadership and Anderson conducted on Krag's return from the USA had only underlined the still significant level of exports of Danish industrial goods directed towards the Seven. Greater access to Community consumers would doubtless improve sales of Danish foodstuffs, but it would not account for the loss of existing EFTA trade.[120] Once again the need to draw the markets of Britain and Germany together was therefore seen as paramount, even if domestic pressure placed greater emphasis on the merits of isolated EEC accession than remaining in EFTA. Labour, meanwhile, recognised how damaging a lone Danish bid could be, not only for a potential British application to the Six but also for the stability of the continent more generally. That Denmark could feasibly leave EFTA and join the Six so soon after de Gaulle's decision to withdraw from NATO would after all be considered a major coup for Paris. The link between Labour inaction and SD restiveness was best summed up by Henniker-Major. Krag and Hækkerup, the ambassador commented, now 'genuinely fear that if in the next month or so […] there is no real sign of new developments in our relationship to the Community, the government may be forced into a course which they would much prefer to avoid'. He continued: 'It is, of course, questionable whether the Danes could alone negotiate their entry into the Community on acceptable terms, but I have always understood that this was a particular piece of bluff which we would not wish to call'.[121] A statement of some type by Labour that membership remained on the cards would hence need to be made – and soon.

An urgent discourse did consequently take place between Labour and the SD designed to propitiate the Danes. Particularly encouraging were the visits by George Thomson – who had recently been moved to become chancellor of the Duchy of Lancaster responsible for European affairs – to Copenhagen in late April and the gathering of the Socialist International in Stockholm attended by Krag and Brown at the beginning of May. On both of these occasions the general shape of future Labour European policy became clear.

[118] Talking points for brug for statsministerens samtaler i Washington, DC, 23 April 1966, box 83, Krag papers, ABA.

[119] Henniker-Major to FO, 26 April 1966, FO 371/188441, TNA.

[120] Laursen, 'Denmark, Scandinavia and the second attempt', 410.

[121] Henniker-Major to FO, 26 April 1966, FO 371/188441, TNA.

Thomsen confirmed to Krag that Labour did indeed intend to join the EEC and that the still undefined conditions of entry were not an impediment to Britain actually joining.[122] Brown went still further. At an SI contact committee meeting on 5 May he agreed to a Danish memo that called for 'concrete measures' to be taken towards a British declaration of intent and similarly demanded as a starting point for negotiations that Labour accept the Treaty of Rome in full.[123] This optimism carried over to the next day, when at the full SI congress Brown declared that the 'political will' existed for Britain to join, that Labour accepted both the Treaty of Rome and the growing influence of the various Community institutions witnessed since its founding, and that Britain would only seek to make changes 'within the framework of those institutions and working rules'.[124] Given that one of the key points used by Wilson earlier in December 1965 to reject the idea of a declaration of intent had been that he was not yet prepared to accept in full the EEC's founding document, the admission by Brown that Labour did indeed recognise it as a basis of its discussions with the Six was of immense significance. And it was all the more noteworthy since just three days later a cabinet committee established by Wilson to review relations between Britain and the Six recommended that the government refrain from explicitly accepting the Rome treaty.[125]

The SD response to all this was nothing short of positive. Krag went so far as to call Brown's comments 'an almost historical declaration' and a 'milestone' in the integration process.[126] But the shift in Labour's tone was most important domestically for the SD. For it allowed Hækkerup to tell the Folketing three weeks later that the Labour government was 'prepared to join the EEC' and in so doing quieten opposition to the SD's European policy. Mounting a strong rebuttal to those who recommended Denmark abandon Britain and negotiate loan entry, the foreign minister was similarly forthright in explaining that Copenhagen should wait to follow London's lead on EEC membership. In contrast to the gloomy language he had used just a month earlier, British membership of the Community was, so Hækkerup claimed, 'of the greatest importance to Denmark' and 'the key to a broad European solution'.[127] The SD had, it seemed, been pulled back from the abyss once more.

[122] Transcript of Thomson's talks with Krag, 25 April box 82, Krag papers, ABA.

[123] Brown's comments at contact committee meeting, 6 May 1955, box 589, SI, IISH; Krag's notes from SI meeting, 5 May 1965, box 144, Krag papers, ABA.

[124] Brown speech at SI meeting, 6 May 1966, box 144, Krag papers, ABA.

[125] E(66)1st, 9 May 1966, CAB 134/2705.

[126] Krag speech at SI meeting, 5 May 1966, box 144, Krag papers, ABA.

[127] Folketingets forhandlinger, 1965–66, col. 5511, 25 May 1966.

Almost immediately, however, there was cause to question the veracity of Brown's claims. For just as he had told Krag that Labour would accept the Treaty of Rome in its entirety, so Wilson confirmed his reluctance to agree as much for fear of the 'political controversy which would undoubtedly be aroused if we gave any public indication that we were prepared formally to accept the Treaty'.[128] Nothing suggested that those promises Brown outlined in Stockholm had been made in anything other than good faith. That he continued privately to lobby for Labour first to accept the EEC's founding treaty and second to find a way to the Community in the near future is enough to demonstrate his sincerity.[129] But Wilson's opposition was overpowering, the prime minister seemingly supportive in principle of EEC membership on certain conditions but still unconvinced that de Gaulle would not simply reject a quick application. In contrast to his deputy, Wilson was therefore reluctant to announce either a declaration of Britain's support for the Treaty of Rome or an immediate application to the EEC.[130] The 'almost historical declaration' Brown delivered in Stockholm thus appears to have been immediately compromised by inter-ministerial differences about the 'if', 'when' and 'how' of a bid. The net effect was that Labour appeared no closer to launching a bid now than it had at the beginning of the year.

Events over the summer seemed only to underscore Wilson's thinking that it would be ill-judged to launch an application in the short-term. The first came on 18 May when a meeting of the PLP failed even to agree the remit of a new committee designed to discuss the possibility of an application, an indication that any move by Britain towards Brussels in the immediate future would most likely split the party.[131] Matters did not get any better for the prime minister when he met Erhard that same month. While Bonn confirmed its support for any move by Britain to explore EEC membership, and Erhard remained personally committed to seeing Britain join, it was also clear that the now German chancellor simply lacked the political will to stand up to the French in the event that de Gaulle did opt once again to veto.[132] And these doubts were merely strengthened when, on a visit to London, Couve and the French prime minister, Georges Pompidou, signalled that Paris had doubts about admitting Britain, concerned as it was that sterling

[128] Wilson to Brown, 19 May 1966, MS Wilson c.1593, Wilson papers, Bodleian.

[129] Brown to Wilson, 15 May 1966, MS Wilson c.1593, Wilson papers, Bodleian.

[130] Wilson to Brown, 19 May 1966, MS Wilson c.1593, Wilson papers, Bodleian. See also Wall, *Britain and the European Community*, 119–30; Parr, *Britain's Policy*, 72–75.

[131] Minutes of meeting, 18 May 1966, PLP minutes, 1965–66, LHA.

[132] Record of meeting between Wilson and Erhard, 23 May 1966, PREM 13/906, TNA. A detailed discussion of the meeting can be found in Parr, *Britain's Policy*, 76–79.

was too weak and that Labour would ask for substantial changes to the CAP in order to retain the preference system for Commonwealth food supplies to the United Kingdom.[133] A curious mixture of party divisions, British economic weakness, German feebleness and French obstinacy consequently meant that by June Labour European policy had arrived at an impasse. In such an environment it was not entirely clear quite how long the SD's newly rekindled goodwill would last.

[133] Reilly to FO, tel. no. 481, 11 June 1966, PREM 13/906, TNA.

4

Towards the Community: June 1966–May 1967

As the halfway point of 1966 approached, the Labour leadership still gave no indication of having decided if, when or how it would launch a fresh membership bid. The failure to adopt a more coherent strategy was not for want of ideas. In fact, the summer saw various discussions take place about a possible new application to the Six. On 23 June, for instance, Brown restated his desire to find a quick path to Brussels, this time suggesting that the government 'outflank de Gaulle' by teaming up with the Five. According to the Labour deputy leader, adopting a 'truly European approach to security, defence and foreign policy arrangements', including a possible new military pact centred around Britain and Germany and a loan to payment of Britain's creditors, could prove so successful that the French president would have no option other than to admit the British.[1] To this 'European' solution centred on the Five appears to have been added a narrower 'French' one. Those who, like Callaghan, envisaged requesting French financial assistance to shore up sterling – which since the election had again slumped due in part to poor trade figures exacerbated further by the seamen's strike ongoing since 11 May – hoped that British humility would eventually win Paris round.[2] But, as the visits to France and Germany over the summer both confirmed, neither of these steps seemed of a kind adequate to overcome either continued French hostility to enlargement or the host of other obstacles that had earlier been identified as preventing the Labour government from announcing a bid.[3] Wilson therefore remained reluctant to push on with an application

[1] Brown to Wilson, 23 June 1966, PREM 13/309, TNA. See also Parr, *Britain's Policy*, 71–79.

[2] FO to Schweitzer, 25 September 1966, EW 5/18, TNA. On the seamen's strike, Keir Thorpe, 'The "juggernaut method": The 1966 state of emergency and the Wilson government's response to the seamen's strike', *Twentieth Century British History*, 12, 4 (2001), 461–85.

[3] See Parr, *Britain's Policy*, 74–79.

for the time being.[4] The road to Brussels, it seemed, remained laden with considerable and potentially insurmountable hurdles.

Such discussions were soon overshadowed by yet more ominous economic news. So low had confidence in the pound sunk by mid-1966 that from the beginning of July Labour was forced to introduce a radical cost-cutting programme in the hope of stabilising the British economy, fending off a run on the pound and more generally bolstering support for the government. Perhaps most controversial among the host of deflationary measures introduced were the draconian restrictions on travel, a statutory wage cap and limits to hire purchase. Alongside these came stringent cuts to departmental expenditure amounting to 1.5 per cent of Britain's entire national income.[5] If the economic consequences of this deflationary policy were massive, they paled into relative insignificance when compared with the medium-term political ones. For the crisis soon crystallised the Labour leadership's support for EEC membership and reaffirmed to Wilson that Britain's future lay in joining the Six.[6] The impact on the SD was no less profound. Labour's economic problems indeed led once again to much soul-searching about the value of Denmark's entire economic relationship with Britain and, arguably more far-reaching, the consequences of remaining so closely tied to Labour for the SD's own attempts to join the Community. Tracing the fallout from the crisis, and the implications for Labour and SD European policies, is the job of the first half of this chapter.

The July sterling crisis did not, however, translate automatically into a new application immediately being launched by Britain. On the contrary, a meeting at Chequers later in October 1966 saw Wilson revert to a scheme initially outlined in January whereby the party leadership tour the Six Community capitals and 'probe' them as to whether the conditions existed for Britain to join. The second half of this chapter must therefore consider the choice, conduct and implications of the probe. As it will demonstrate, a mixture of Labour infighting, French intransigence and continued uncertainty about the likely terms of British membership all contributed to the tactical choice made by Wilson to conduct a tour of, rather than launch immediately an application to join, the Six. This in turn will go some way to explain both the lukewarm response of the wider Labour Party to the probe

[4] Wilson comments on Brown to Wilson, 23 June 1966, PREM 13/906, TNA; Wall, *Britain and the European Community*, 130–36.

[5] Kiyoshi Hirowatari, *Britain and European Monetary Cooperation, 1964–1979* (Basingstoke: Palgrave Macmillan, 2015), 105–36.

[6] It was recognised at the time that there was an economic imperative to joining the Community, see, for instance, *The Economist*, 30 July 1966. See also Kenneth O. Morgan, *Callaghan: A Life* (Oxford: Oxford University Press, 1997), 253; Parr, *Britain's Policy*, chap. 3.

and the increasing doubts about the likely success of a new British initiative at the level of the SD leadership. And all this will help set the scene in the final section for an examination of the party political debates that took place ahead of the decision by Wilson and Krag each to launch applications for full Community membership later in May 1967.

Labour's response to the July crisis

As the Labour leadership came to terms with the depth of Britain's economic problems and set about imposing swingeing cuts as a way of confronting them, it gradually became clearer that there were at least three important consequences for Labour's European policy. The first and least surprising of these was a grudging acceptance that the national plan had failed. It was recognised fairly early on that deflationary measures would be the antithesis of short-term growth since restrictions on wages would hit consumer spending. If the 'growth' objective of the plan was undermined by deflation, then so too was the investment part. This was likely to have long-term repercussions because any decrease in government expenditure would weaken business confidence and stymie private sector spending, damaging the future prospects of the economy.[7] The much-hyped promises of technological revolution, scientific advancement and increased educational standards were thus shown to be all but broken. So too was the very notion of a planned economy, confidence in which had been shaken because of the failure by the Wilson government to contain the sterling crisis.[8] Labour hence had no option but to look for a drastically new way to promote growth, secure investment and restore vitality to an economy that looked desperately in need of assistance.

A second, no less significant transformation wrought by the July crisis was of a more general loosening of Wilson's grip on the Labour Party. Having disagreed with the prime minister over whether to introduce deflation or to devalue the currency, and thereafter having threatened to resign when the decision was taken to pursue the former option, Brown was moved to the Foreign Office, a straight swap for Michael Stewart who now took up the lead position in the Department of Economic Affairs.[9] That Brown's resignation, and a subsequent loss of support from among his disciples on the party's right wing, could feasibly have brought down the Labour government cannot have escaped the prime minister. Tony Benn, writing in his diary, certainly recognised that Brown's departure would mean Labour

[7] *The Times*, 21 October 1966.

[8] Stewart to Wilson, 17 October 1966, PREM 13/827, TNA.

[9] On the deflation debate, Parr, *Britain's Policy*, chap. 3.

'simply would not have a majority in the House of Commons'.[10] Wilson may therefore have sought to move Brown to the Foreign Office – a position he had long coveted – simply to ensure that Labour remained in office. Nor is it unlikely that Wilson wanted to secure his own position as leader. After all, Brown's departure would easily have equated to a loss of a significant counterweight to Callaghan. For Wilson, ever cynical and highly suspicious of the intentions of those around him, Callaghan was always considered the one person most determined to unseat him at the heap of Labour's political pile. But, at a broader level, the decision did seem to reflect that, in the aftermath of the July crisis, something now needed to change in the party's external policy, and that Labour would need to give renewed emphasis to a membership bid. Brown and Wilson could even work together to push forward a new European strategy, sidelining Callaghan and bolstering Wilson's position in the process. All this suggests that Wilson was now genuinely willing to pursue a membership bid. But it also hints at how party politics had a role to play in the evolution of British external policy.

Restlessness within the PLP could not be so easily contained. The mid-1960s were a time when swathes of the parliamentary party grew utterly dissatisfied with Britain's heavy overseas spending on military bases. The deep and ongoing, and within Labour increasingly unpopular, involvement of the United Kingdom in the Borneo confrontation – the near-escalation into a full-blown war between a communist-backed Indonesia and Malaysia – certainly made matters worse. So too did Wilson's own predilection for an 'east of Suez' role, something considered crucial since the idea a global footprint formed part of his more general attempt to revitalise the Commonwealth and demonstrate the true extent of Britain's extra-European reach. Economic reality had admittedly already started to bite into this concept; the contents of the February 1966 defence white paper indeed recognised the need to reduce the defence budget and recommended both a withdrawal of the British presence in Aden and a reduction in the size of British forces stationed in Cyprus and Malta. Within the PLP, however, the package was considered nothing but mediocre: the Commonwealth was still central to the world view of many a Labour MP, but political ties did not need to stretch to the military realm. They thus sought instead to extend cuts to the larger number of troops stationed in Malaysia and Indonesia.[11] Such demands came to a head in a meeting of the PLP on 25 May, when the MP for Woolwich East, Christopher Mayhew, tabled a motion calling for a

[10] Tony Benn, *Out of the Wilderness: Diaries, 1963–67* (London: Hutchinson, 1987), entry 16 July 1966, 454.

[11] Minutes of meeting, 23 February 1966, PLP minutes, 1965–66, LHA; *Hansard*, HC Deb, 22 February 1966, vol. 725, cols. 239–54.

drastic reduction in overseas spending below £1,750 million at 1964 prices and a further withdrawal from Singapore and Malaysia.[12] It was the July sterling crisis, however, and subsequent decision to implement domestic deflationary policies, that really amplified these arguments. An array of MPs from both left and right now lined up to demand a debate about Britain's military presence east of Suez and in particular the wrongs of spending massive amounts abroad when constituents and politicians alike were having to make economic sacrifices back home.[13] A motion tabled in the Commons and signed by 47 mostly left-wing MPs thus now called for a phased withdrawal of British interests outside of Europe and an end to sterling's position as a reserve currency.[14] Both the intensity of feeling triggered by the government's decision to deflate and Wilson's inability successfully to manage his own MPs on the crisis appeared to leave the prime minister little choice but to look for ways in which he could reassert his own authority and move on from the very serious debate that now plagued the party.

Implicit within this was a third and final consequence that was in many ways highlighted rather than directly caused by the July crisis – the realisation that Britain was unlikely to sustain the sort of international role that it had become accustomed to since the end of the Second World War. This was doubtless caught up in conversations now taking place in the PLP about the future of British defence. Yet it also reflected much broader, longer-term debates about Britain's ability to pay for its overseas military commitments and the impact that withdrawing these assets would have on the country's international position. It is true admittedly that the February white paper, in addition to the Aden decision, also saw the government choose to cut a number of major projects, including orders for a new aircraft carrier and three of the four Type 82 destroyers on order, all alongside efforts to bring the defence budget down to a target of £2,000 million. But at its heart was an enduring commitment, one closely associated with the prime minister himself, to Britain's overseas military assets as the most visible basis of the country's wider political influence. Following the July crisis, however, Callaghan now demanded a further cut of £150 million in order to arrest further economic decline. Not only would this make remaining east of Suez untenable, but more remarkable was that it would mean that Britain would struggle to retain any global role via an international patchwork of military

[12] Minutes of meeting, 25 May 1966, PLP minutes, 1965–66, LHA.

[13] On East of Suez, P.L. Pham, *Ending 'East of Suez': The British Decision to Withdraw from Malaysia and Singapore 1964–1968* (Oxford: Oxford University Press, 2010). On the Britain and Confrontation, David Easter, *Britain and the Confrontation with Indonesia, 1960–66* (London: I.B. Tauris, 2004).

[14] Wilson, *Labour Government*, 261.

bases. The Commonwealth revival, it seemed, had failed to deliver either economic or indeed the political strength that Wilson had originally hoped. Without it, Britain looked ever more like what Labour had long maintained it was not: just another European country.

These three factors go some way to explain why by mid-1966 the prime minister seemed to accept that Labour no longer had any option but to begin the process of applying to join the Community.[15] Entry to the Common Market could fill the void left by the national plan, providing the framework to help return the country to economic growth and improve investment opportunities. The collapse of the national plan itself also helped remove a major obstacle that had previously hindered support for the Community from among Labour members: why be concerned about whether EEC entry would impede Labour's ability to plan the economy, when planning itself had been shown to fail?[16] An initiative towards Brussels would, moreover, help divert political attention from the deflationary measures that were so clearly disliked by much of the party, providing a much needed opportunity for Wilson to reassert his authority as leader following debates over defence.[17] If Brown's move to the Foreign Office made an application a more realistic proposition since he could more forcibly push for membership in the short term, the bid itself could also head off a possible leadership challenge.[18] And it was unlikely to have escaped the prime minister that, amid a programme of retrenchment and a flat-lining Commonwealth revival, entering the EEC might provide an alternative basis for Britain's crumbling world power status. Delusional or not, joining the Community did seem to represent the only meaningful way for Britain to continue to have any wider influence now that the Commonwealth alternative had failed and Britain's military capability was increasingly that of a second-rate power.[19] That Washington was also now more forthright in its belief that Labour should turn support for membership in principle into an application in reality merely added to the sense that the EEC represented the best method for Britain to remain relevant on the international stage.[20]

[15] *Socialist Commentary*, June 1966; Parr, *British Policy*.

[16] Richard Crossman, *The Diaries of a Cabinet Minister*, vol. 2: *Lord President of the Council and Leader of the House of Commons, 1966–1968* (London: Hamish Hamilton, 1976), entry 22 October 1966, 83.

[17] George Wigg, *George Wigg* (London: Joseph, 1972), 339; Foot to Wilson, 2 August 1966, MF/M2, Michael Foot papers, LHA.

[18] Broad, *Labour's European Dilemmas*, 62–63.

[19] See comments by Brown in Willy Brandt, *My Life in Politics* (London: Hamish Hamilton, 1992), 420.

[20] James Ellison, *The United States, Britain and the Transatlantic Crisis: Rising to the Gaullist Challenge* (Basingstoke: Palgrave Macmillan, 2007), 72–116.

The legacy of the July sterling crisis and the decision by Labour dramatically to cut costs thus had a profound and lasting impact on the party's European policy. In contrast to the first half of 1966, when Wilson had demonstrated a new openness to EEC entry but an equal unwillingness yet to convert this into a bid, now Brown and Wilson could work together to push forward a new European strategy, containing Callaghan and bolstering Wilson's position. There were now signs aplenty that Labour was going to move on an application to join the Six. But even then the path to entry was by no means certain. Wilson after all continued to object to any declaration of intent for fear that it would commit Britain to terms that were not yet known.[21] The alteration in Labour's position, if it was to come, was therefore to be both slow and cautious. There would indeed be no application launched by the end of the year. Instead, cabinet would meet at Chequers to discuss the benefits or otherwise of membership. While the probe announced by Wilson on that occasion would in retrospect mark the first real step in the eventual Labour membership bid, viewed from the summer of 1966 a British bid to join the Six, let alone entry itself, still seemed some way off.

A Scandinavian bid for entry

The lack of any immediate outward sign that Labour was about to move closer to Brussels and the ongoing troubled state of the British economy, had tellingly different implications for the SD. Krag and his team always expected that Labour's financial difficulties would have some knock-on effect for Denmark's own economy.[22] After all, Wilson's decision to restrict wages would quickly lower demand for overseas goods, including the still vast amount of Danish agricultural products sold to Britain. This meant that farmers already suffering from the Six's tariff wall would face yet another barrier from British consumers with less money in their pockets to spend on Danish bacon, cheese, butter and cattle. This would in turn have political implications, since a further decline in exports was only ever going to infuriate further the Agrarian Liberals in the Folketing and the farming community more generally whose opposition to SD European policy remained palpable. More revealing of the SD's response to Britain's economic difficulties was the assumption that deflation would not by itself solve the crisis. The SD leadership indeed thought it inevitable that Wilson would have to devalue sterling at some point.[23] Were this to happen, Copenhagen would almost certainly have to follow suit in order to keep Danish exports

[21] Trend to Wilson, 6 May 1966, PREM 13/905, TNA.

[22] Notat om landbrugsrådets udtalelse, 19 August 1966, box 92, Krag papers, ABA.

[23] Forretningsudvalgsmøde, 2 August 1966, box 110, AE, ABA.

to Britain competitive. This would merely exacerbate the economic fallout of the July crisis since the inevitable subsequent rise in inflation would hit incomes at precisely the time when the minority SD government could least afford it. Aside from the obvious economic implications, devaluation would also prove politically unfortunate for the SD since it would amount to an admission that such a close relationship with Britain was actively damaging the Danish economy. The sense that worse was yet to come for both Britain and Denmark which might, if left unchecked, seriously threaten the SD's position in power, was profound.[24]

Two altogether more noteworthy political consequences were also thought likely to follow from the sterling crisis. For a start Krag and his fellow members of the SD's executive committee were adamant that Britain's economic difficulties would preclude Labour from making an application to the EEC in the short term. Wilson, so this line of thinking went, would choose instead to concentrate on rebuilding the British economy rather than embarking on the less than easy task of applying to join the Six.[25] Second, enlargement might be blocked even if Labour did decide to push on with membership, since de Gaulle would be able to use the economic crisis as justification once again to veto British accession.[26] The implications for the SD politically, and for the Danish economy more broadly, of continued exclusion from the Community as a result of either Labour inaction or French intransigence hardly needed stating. Krag could hence not help but feel that the July crisis had put Labour and SD European policy back squarely to where it was when Wilson first became prime minister in October 1964.[27]

The strongest counterweight to such regression appeared ever more to be a lone Danish application to the EEC. As Hækkerup and Krag had each indicated earlier in April, an isolated bid had been something the SD government was prepared to contemplate should Labour fail to make any progress in negotiations with the Six. Given the economic problems that Britain now faced and the concern that the July crisis would only stall an already drawn-out integration process, these sentiments were throughout the summer and into the autumn of 1966 voiced with renewed vigour. For instance, Krag introduced what was a small but significant rhetorical change to SD policy when he claimed that Denmark would join the EEC 'at the latest' simultaneously with Britain, and that Danish negotiations would

[24] *Børsen*, 29 July 1966.

[25] Forretningsudvalgsmøde, 2 August 1966, box 110, AE, ABA.

[26] Jens Christensen's comments in Henniker-Major to Hancock, 28 June 1966, FO 371/188441, TNA.

[27] Diskussion med Poul Hartling, 22 September 1966, box 78, Krag papers, ABA.

themselves probably start 'at the latest' with Britain's, if not before.[28] The idea that the SD might soon begin the business of actually negotiating its entry to the EEC was given added credibility already on 4 June when Hækkerup, following a meeting with the French commissioner for economic affairs, Robert Marjolin, and his Belgian counterpart in external affairs, Jean Rey, indicated that the Commission would adopt a positive attitude to the idea of Denmark possibly opening negotiations with the Six before Britain.[29] This was given a boost three months later when France hinted that it would accept isolated Danish accession if only to weaken British influence on the continent: 'the political advantages, from de Gaulle's point of view, would be great', as one British official put it.[30] And the plausibility of the Krag government launching a bid in the short term only increased further when the Danish ambassador in Brussels, Tyge Dahlgaard – someone known to be supportive of Danish membership regardless of whether or not it came at the same time as British entry – confirmed that he would 'not at all exclude an initiative by Denmark to start negotiations at some point in the next year'.[31] The fragile truce that seemed to have been reached between Labour and the SD following the 5 May Socialist International meeting appeared within a matter of weeks to have been rather dramatically broken.

Committing to such a policy at a time when a good deal of the SD still held a revulsion for all things European did, however, represent a highly risky strategy for the party leadership. It was especially problematic since any backlash from the SD parliamentary group might well become so ingrained that it would lead to a fundamental breakdown in the party/leadership relationship and hold up an array of unconnected legislation being debated by the Folketing, not least a controversial reform of Danish tax policy that the government was hoping to put on the statute book.[32] The domestic political environment of the time only risked complicating matters further. For by the summer of 1966, after over a decade continuously in power, the SD's popularity among the Danish electorate had visibly waned, the party having endured a serious defeat in local elections earlier in the year and abysmal opinion poll ratings ever since.[33] So deep were its problems that it was now not unrealistic to expect that any subsequent split

[28] Udenrigspolitisk bidrag til statsministerens tale i folketinget, 2 June 1966, box 81, Krag papers, ABA.

[29] *Politiken*, 6 June 1966; Henniker-Major to Hancock, 28 June 1966, FO 371/188441, TNA.

[30] Wright to Statham, 28 September 1966, FO 371/188442, TNA.

[31] Marjoribanks to Statham, 8 July 1966, FO 371/188441, TNA.

[32] On the tax reforms, Ingemar Glans, 'Denmark: Politics since 1964 and the parliamentary election of 1966', *Scandinavian Political Studies*, 2 (1967), 263–72.

[33] Gallup Institute report cited in *Berlingske Tidende*, 20 November 1966. On SD electoral problems, Pedersen, 'The first socialist majority', 149.

in the SD over EEC membership would spell the end of Krag's four-year tenure as prime minister. On 2 August, the SD executive committee did discuss these matters, a meeting which made it quite clear that it would be politically difficult to pursue a lone bid.[34] Some other way to push forward the European integration process would consequently have to be found.

It was against this backdrop that from late September the leadership started to unveil its idea of a joint Scandinavian approach to the EEC – one only given greater credence when Dahlgaard was appointed trade and Europe minister that same month and immediately jumped on the plan.[35] At its heart, a joint Scandinavian application would see the governments of Denmark, Norway and Sweden first discuss among themselves a common negotiating stance, before then delivering an application to Brussels as a single bloc rather than individual national delegations. The expectation was that Denmark would enter talks with the Six in a far stronger position than if it were applying alone. As a result the SD could expect to extract more favourable terms and avoid many of the negotiating pitfalls that the government had encountered in 1961–63.[36]

For the SD leadership there were a number of other important advantages that could be derived from a joint membership bid alongside Sweden and Norway. For a start it would have obvious domestic political appeal. Simply from an internal party viewpoint the policy would probably prove popular among SD parliamentarians, rallying them around a Nordic cause while inching Denmark closer to Brussels. It was also likely to play well at a public level, where the attachment to Nordic cooperation remained strong. And a Scandinavian proposal would prove a very effective way for the SD to address concerns that it was still too reliant on a British enlargement timetable while at the same time differentiate the party from the Agrarian Liberals who urged that the country ought to plunge immediately into negotiations for isolated entry. A Scandinavian application was in this sense a means for the ailing Krag government to set out a confident new path to Brussels that did not rely on either London or domestic opponents to set the pace and tone of negotiations.

A second, arguably more noteworthy advantage of a joint Scandinavian bid was that it seemed the only deed that might feasibly shock Labour

[34] Forretningsudvalgsmøde, 2 August 1966, box 110, AE, ABA.

[35] Manuskript til i Europarådet i Strassbourg, 27 September 1966, box 85, Krag papers, ABA; 'Europa, Norden og Danmark' af statsminister Krag, 1 October 1966, box 22, Krag papers, ABA; Åbningstale, 1966, 4 October 1966, box 81, Krag papers, ABA; Gruppemøde, 5 October 1966 Socialdemokratiets gruppeprotokol, 1962–68, Folketingets Bibliotek og Arkiv [henceforth FB], Copenhagen.

[36] Dahlgaard to Krag, 21 September 1966, box 108, Krag papers, ABA.

into taking action on Europe.[37] The possibility of a lone Danish approach to Brussels of some sort had of course been heard ad nauseam ever since the breakdown of the FTA negotiations in late 1958. But while each time Labour had responded by making incremental changes to its own strategy towards the EEC, at no point had it compelled the party to take the more substantial decision actually to apply for membership. An application made not just by one but three EFTA members would, however, be sufficiently powerful to oblige Labour to respond. Krag himself admitted in his speech to the Council of Europe that a joint Scandinavian approach would serve 'as an appeal to Britain and France to re-establish the contact that was broken off in January 1963 and resume the negotiations in which among others Denmark took part simultaneously'.[38] When this same message was echoed in a speech Krag delivered on 12 October to a more select audience of Commission officials, it was enough to demonstrate that the SD leader was fully aware of how a joint Scandinavian bid might nudge Labour closer to the Six.[39]

This combination of domestic and international factors captures well both the complexity of European decision-making and the interdependency of Labour-SD policy in this period. That he won the tacit approval of the Commission for a broader Scandinavian application suggests that a joint bid was a genuine attempt by Krag to get Denmark into the Six.[40] But the idea of a joint Scandinavian bid was also clearly developed in a way that appeased the warring factions of the SD and strengthened the SD's own domestic position vis-à-vis opposition parties. Playing the Nordic card in other words remained a crucial policy tool for the SD leadership. Perhaps most significant of all was that the choice of a Scandinavian bid evolved with one eye fixed firmly on events in Britain. Any policy that could serve to hasten Labour's move to the Community was of considerable value to the SD leader. And if this was indeed the plan, it arguably paid off. For the Foreign Office used what it called 'Danish restiveness' to argue that if Britain did not make 'headway in our own discussions with the Community, we must expect increasing discontent within EFTA and contemplate the renewed possibility of our partners being picked out piecemeal'.[41] The practice of using threats of Danish detachment to extract concessions from Labour, which had long been part of the SD's armoury, appeared to be alive and well.

[37] *Politiken*, 28 September 1966.

[38] Manuskript til i Europarådet i Strassbourg, 27 September 1966, box 85, Krag papers, ABA. See also *The Times*, 27 September 1966.

[39] Tale i Brussels, 12 October 1966, box 81, Krag papers, ABA.

[40] Tebbit to Stathem, 28 September 1966, FO 371/188442, TNA.

[41] FO to Palliser, 18 October 1966, PREM 13/908, TNA.

Problems with the Scandinavian option

It is possible that in time SD policy might well have evolved into Denmark, Norway and Sweden actually joining the Six. The chance of solidifying links between the three Scandinavian states did not, however, blind everyone in the SD into accepting unquestionably the idea that Denmark might sever its ties with Britain and find its own way to the Community. It was such an attitude that the SD parliamentary group sought to emphasise in its meeting of 5 October. Various MPs, led by party veteran Holger Eriksen, suggested, for instance, that by seeking to break Denmark's links with Britain the government had in effect embarked upon a whole new European strategy without consulting the wider party.[42] No official change in policy had of course been announced. Nor up to this point had Krag really done anything more than state his long-held view that Denmark could not afford to remain outside the valuable Community market. But the internal SD reaction to the simple notion of a joint Scandinavian approach to the Six soon put into context the likely opposition the SD leader would face.

Matters were made worse, from Krag's point of view, by the cool reception to the idea from the Swedish prime minister Tage Erlander and Norwegian counterpart Per Borten. The announcement in 1961 by London and Copenhagen that they wished to open membership negotiations had admittedly prompted Stockholm to seek an association agreement with the Community. Oslo too had chosen eventually to follow the British and Danish lead and apply to join the EEC as a full member. But throughout the 1961–63 negotiations it was self-evident that Sweden and Norway did not really share with Denmark the same eagerness to establish a new relationship with the Six. After all, both traded far more with Britain and each other than they did with the continent. This meant that there were simply not the same economic incentives to reach a swift agreement with the EEC's founder members. Nor were there the same domestic political pressures as in Denmark. Internal disagreement and a lack of general interest in the EEC had in fact slowed Norway's first application quite considerably, so much so that its membership bid was not delivered until April 1962 – some nine months after Britain and Denmark had submitted their requests. Even then, the very decision to apply owed far more to the fear that Norway would lose access to its traditional markets than any profound wish to establish closer ties with the Six. For Sweden too its talks with the Six were marred in political disagreement: its much looser association request had, for example, still managed to elicit a hostile response from the SAP's left wing. An isolated bid now, especially if it meant abandoning EFTA, was thus unlikely

[42] Gruppemøde, 5 October 1966, Socialdemokratiets gruppeprotokol, 1962–68, FB.

ever to be considered acceptable to the governing party.[43] Krag's meetings with Erlander on 4 October and with Borten 12 days later thus proved rather disappointing as far as a joint Scandinavian bid to the EEC was concerned.[44] SD internal pressure was something that Krag could feasibly have overcome – as Johnny Laursen puts it, he was 'a brilliant majority builder and a cool, rational analyst […] one of the few statesmen of international stature in the country'[45] – but the Swedish and Norwegian decision to dismiss the idea as unrealistic seemed more fatal and left only slim hopes of the SD leadership being able to push forward with its plan. As with many an idea before it, Krag was therefore condemned once again to sit and wait in the hope that Labour would take the lead and announce an application.[46]

Yet very little suggests that Krag's activism had been entirely fruitless. Initially, at least, Labour's response to the SD's rather more forceful attitude appeared to be one of mere frustration. By Wilson's own admission, outlined in a September 1966 letter to Krag, the Labour Party had 'been following [SD] affairs with interest, particularly on the European front'. And, having been so, Wilson appeared keen to remind his Danish counterpart that '[o]ur interests in [enlarging the EEC] coincide. We must keep up momentum where we can. At the same time we don't want to start too many hares' – something of a veiled criticism of the SD and a warning of sorts that Krag ought to pull back from any attempt to join the Community as part of a broader Scandinavian application.[47] This same message was echoed during Krag's private trip to London on 18 October – four days before Labour's Chequers meeting – when, in a meeting with George Brown, the SD leader was asked directly to 'avoid making sudden dramatic pronouncements which threw people into a flurry'.[48] Labour was clearly ruffled.

Beneath these warnings, however, existed a degree of uncertainty on Labour's part about future SD intentions. An indication of how seriously – and genuinely – Wilson and Brown seemed really to be taking the possibility of a lone Scandinavian bid came when the two men chose to inform Krag about the future direction of British European thinking that

[43] On Swedish and Norwegian policy during the first enlargement negotiations, Mikael af Malmborg, 'Divergent Scandinavian responses to the proposed first enlargement of the EEC', in Anne Deighton and Alan S. Milward (eds), *Widening, Deepening and Acceleration: The European Economic Community 1957–1963* (Baden-Baden: Nomos, 1999), 299–315.

[44] Samtalen med Tage Erlander, 25 October 1966, and Statsminister Borten i København, 16 October 1966, both box 81, Krag papers, ABA.

[45] Laursen, 'Denmark, Scandinavia and the second attempt', 412.

[46] *The Times*, 11 October 1966.

[47] Wilson to Krag, 22 September 1966, MS Wilson c.1582, Wilson papers, Bodleian.

[48] Record of conversation between Brown and Krag, 18 October 1966, PREM 13/813, TNA. See also Lidegaard, *Jens Otto Krag II*, 300.

few even in Labour itself were yet privy to. From the latter hence came confirmation, much to Krag's surprise, that the cabinet would soon sanction a tour of the Six, and that this would almost certainly lead to a second bid for membership. Exactly what was said during the SD leader's conversation with Wilson, whom he met that same day, went unrecorded, but it seemed from Krag's diary entry written on his return to Copenhagen that the British prime minister had echoed his foreign secretary's comments almost verbatim: 'Harold Wilson in fine form […] Great hope that England is now moving on the market question, though it will take time, even if they move fast'.[49] The knocks to Krag's plan had in this sense undoubtedly been softened by an overt gesture from Labour seemingly designed to appease the SD government and in the process undermine the very need for an isolated Danish or joint Scandinavian approach to the Six.

A second, more substantial reason to doubt that SD efforts in these months had been totally futile was the very real possibility that a Scandinavian option might be kept as a sort of fallback should Britain not in fact join the Six. Krag himself cast doubt on whether the decision by the Wilson government to tour the six Community capitals would produce any real change in European politics. Admittedly, and as Krag noted in a report penned a week after his London trip, there was little doubt that those supporters of EEC membership within Labour had now 'gained in strength'. But so too was 'the ability to assess how quickly this will lead to real negotiations is very limited. One gets the impression that Harold Wilson has not yet taken a decision on the crucial point of future policies'. There was in other words no way of knowing if Wilson's tour would in fact translate into a fresh EEC application.[50] Added to doubts about British intentions was the not insignificant matter of how de Gaulle would react to any new initiative. The SD for its part continued genuinely to believe that there had been no basic change in France's essentially negative view of enlargement to include Britain. Indeed, it was felt that the probe would itself simply play into de Gaulle's hand, portraying the Labour government as still too reluctant fully to embrace a European future. If enlargement was indefinitely delayed by Labour lethargy or Gaullist obstructionism, it was thus not unreasonable to suspect that the SD would revisit the Scandinavian option rather than face continued, and ever more intolerable, exclusion from the Six.[51]

Third and equally clear was how unlikely it was that Dahlgaard would

[49] Krag diary, entry 22 October 1966, ABA.

[50] Besøg til London, 18 October 1966, box 83, Krag papers, ABA.

[51] 'Europa, Norden og Danmark' af statsminister Krag, 1 October 1966, box 22, Krag papers, ABA.

simply sit back and allow all of this to happen. The Foreign Office in London certainly no doubt saw the new SD trade and European minister as someone who 'can make a fair amount of trouble for us in the future'.[52] This was soon borne out at an EFTA ministerial meeting in Lisbon at the end of October. Here Dahlgaard made clear that the fate of enlarging the EEC should not rest simply with the British. The Seven therefore had a choice: to decide whether the organisation should adopt an active role or wait passively for an amalgamation with the Community. The SD, in the event, very much advocated the former.[53] In the coming months there would consequently be no respite in the SD's activism. Labour's new European strategy would have to yield results. Otherwise, a Scandinavian solution would once more find itself centre stage.[54]

The decision to probe

The Chequers meeting that eventually took place on 22 October was a deliberately informal affair. The bulk of the discussions saw Labour ministers meet privately but for Balogh, now an advisor in the Cabinet Office, and the cabinet secretary, Burke Trend, in what Castle initially described as an 'excellent debate'.[55] There was a far from acrimonious exchange on the implications of the sterling crisis, with all those present recognising that the events of July compelled Labour to alter its foreign policy in some way. Brown and Stewart suggested that this alteration ought to take the form of EEC membership, vital if Britain hoped to retain influence in global affairs and provide its commerce and industrial sectors with a way out of the economic problems they now faced. Some on the left, notably leader of the Commons Richard Crossman, along with Castle and Benn, acknowledged this point but argued that Labour should instead pursue a 'foreign policy appropriate to our strength'. Now was fitting time in other words to press on with socialist economic planning, drive down Britain's overseas military spending and redouble efforts to build closer economic links with the Commonwealth.[56] The only dissenting voice was Balogh, whose suggestion that Britain negotiate an economic union with the USA via membership of

[52] Statham to Hancock, 6 October 1966, FO 371/188442, TNA.

[53] Wright to FO, tel. no. 310, 26 October 1966, FO 371/188442, TNA.

[54] Comments by Dahlgaard in Robinson to Tebbit, 28 November 1966, FO 371/188442, TNA.

[55] Barbara Castle, *The Castle Diaries 1964–1976* (London: Papermac, 1990), entry 22 October 1966, 90.

[56] Castle, *The Castle Diaries*, entry 22 October 1966, 90–91.

the North Atlantic Free Trade Area (NAFTA) was given little credence by either side.[57]

The friendly atmosphere was further complemented by agreement about the constitutional implications of entry. Ministers appeared to recognise that the Luxembourg compromise of January 1966, which had helped bring the Six's empty chair crisis to a close by introducing de facto veto power in the Council of Ministers, conspired to make it 'unreasonable to think that we should be overruled in the Community in any matter affecting our major interests' – all but meeting two of Gaitskell's five conditions relating to the right of the British government to pursue its own economic and foreign policies.[58] With most EFTA states broadly supportive of British entry and hoping themselves to negotiate an adequate deal with Brussels – the third of Gaitskell's points – the only real sticking points were the former party leader's fourth condition – safeguarding the interests of the Commonwealth, in particular New Zealand – and his fifth and last condition: the need to secure adequate protections for British agriculture. It was therefore these two issues upon which Wilson's probe would focus. In the meantime, the government would consider whether either the NAFTA option or remaining out of the Six indefinitely – the so-called go it alone strategy – were viable alternatives.[59]

Wilson's decision to probe the Six has rightly been considered a strategic choice.[60] For, despite these courteous exchanges, there was at Chequers a visible division between those who favoured entry and those against. On the one side, Brown and Stewart each urged Wilson to declare that Labour accepted the Treaty of Rome as a precursor to opening negotiations at some point in the near future, before repeating their demand that Wilson issue a declaration of intent to this effect.[61] Others by contrast stated that the entire debate about membership was somewhat ill-timed and that the government's efforts were better directed towards resolving the ongoing economic crisis. As Castle put it, 'there had been no need for this meeting: it had been forced on us by the Foreign Secretary'. She personally thought Labour ought to 'continue as we are, not finally shutting the door, but not trying to push it further open at this stage'.[62] Somewhere in the middle sat Wilson. Certainly the prime minister still seemed aware that Britain now

[57] MISC(126)1st, 22 October 1966, CAB 130/1298, TNA.

[58] E(66)3rd, 22 October 1966, CAB 134/2705, TNA.

[59] CC(66)54th, 3 November 1966, CAB 128/51, TNA.

[60] *The Times*, 11 November 1966; Parr, *Britain's Policy*, chap. 4; Wall, *Britain and the European Community*, chap. 4.

[61] E(66)3rd, 22 October 1966, CAB 134/2705, TNA.

[62] Castle, *The Castle Diaries*, entry 22 October 1966, 91.

ought to move towards the Six, as much as he was of the benefits that could be derived from membership of a much larger and more dynamic market. So too, however, was he reluctant to apply unconditionally for membership at a time of economic weakness.[63] And he further expressed concern that de Gaulle still represented a major obstacle to an agreement with the Six. This was in fact an opinion widely accepted by Labour ministers, even if Brown did retort that this need not dictate how Britain proceeded.[64] When in his summing up Wilson announced that he and Brown should embark on informal consultations with the Six in order to ascertain whether satisfactory terms could be negotiated, it was therefore Wilson choosing a middle road. The decision to probe acknowledged that disagreements between Labour ministers did exist, that an immediate application might mean having to accept the political and economic conditions that EEC membership carried, and that an application would in all likelihood again be vetoed by the French. Crucially, though, Wilson recognised all this while all the while edging Britain closer to the Six. It was an astute move for a leader who accepted the economic significance of membership but who also wished both to keep the party united and to save face should fears of another French veto indeed prove true.[65]

Cabinet would discuss the probe a further three times before Wilson finally appeared in the Commons on 10 November to announce that he and Brown planned to tour the Six early in the new year.[66] During each cabinet meeting the prime minister emphasised continually that the probe was without commitment; that is, Britain would only apply if the terms of its membership were deemed adequate. He also stated more than once that final agreement rested with ministers, thereby helping keep together (for the time being at least) a cabinet already divided with respect to European membership. Detailed discussions with the Six, he explained, would centre on those two issues – the Commonwealth and agriculture – that had been identified at Chequers as the most controversial. On the former, Wilson now pondered whether New Zealand and other Commonwealth states might not join the Community as associate members. And on agriculture, the Labour leader hinted that entry would only be deemed possible should it not negatively impact on the current cost of living and Britain's balance

[63] E(66)3rd, 22 October 1966, CAB 134/2705, TNA.

[64] Trend to Wilson, 21 October 1966, PREM 13/908, TNA; *The Times*, 11 November 1966.

[65] Author's correspondence with Joe Haines, January 2008; Castle, *The Castle Diaries*, entry 3 November 1966, 92.

[66] CC(66)53rd, 1 November 1966, CC(66)5th, 3 November 1966, and CC(66)55th, 9 November 1966, all CAB 128/41, TNA. For Wilson's speech, *Hansard*, HC Deb, 10 November 1966, vol. 735, cols. 1539–49. On the nature of Wilson's handling of his cabinet, Douglas Jay, *Change and Fortune: A Political Record* (London: Hutchinson, 1980), 384.

of payments. It was such statements that did just enough to secure cabinet acceptance of the probe: Jay reckoned that ten ministers were now in favour of entry, with an almost equal number – eight – against, and three undecided.[67]

Labour Party responds to the probe

Within hours of the probe announcement, the proposal began to attract criticism from the PLP for a variety of reasons. Backbench MPs were as concerned that de Gaulle might snub the prime minister and weaken the Labour government in the process as they were that informal talks with the Six, no matter how extensive, were unlikely to make any material difference to the terms that Britain would be offered in future membership negotiations. On topics ranging from the impact of competition on British industry to the implications for the political and economic relationship with the Commonwealth, many in the PLP thus clearly did not accept that the probe was an endeavour worthy of the government's time, less still that EEC membership itself was yet feasible. None of this was an absolute rejection of British membership. But nor was it a resounding 'yes'. What in fact irked Labour parliamentarians most was that the outcome of the probe appeared already to have been decided: the government, many suspected, seemed intent on applying to join the EEC regardless of the stance taken by either the parliamentary party or by the Six during the tour itself.[68] Tempers all round were thus decidedly fraught.

It fell to Brown to calm the tumult created by Wilson's announcement in a follow-up meeting five days later. The tour was, he explained, a way for Britain to study whether it could join without risking the embarrassment that had beset Macmillan. And should the government decide that the terms were indeed acceptable, a fresh application would only be made once the PLP had been consulted. The foreign secretary was, however, only warming to his theme. For such comments soon gave way to robust, indeed passionate defence not of the probe but the EEC itself. For example, Brown insisted that 'the Community had not developed in the way its federalist sponsors had desired' and, given the Luxembourg compromise, it was now realistic to expect that London could 'influence things even more'. Nor, he maintained, would Britain join alone since 'most EFTA members were anxious indeed to join the Community in some form'. And there was likewise no need to be anxious about whether the government would retain the freedom to plan the British economy or take its own foreign

[67] Jay, *Change and Fortune*, 365–66.

[68] Minutes of meeting, 10 November 1966, PLP minutes, 1966–67, LHA.

policy course, for on both points the European Commission would have little influence. Agriculture and the Commonwealth were admittedly areas where compromise would have to be found, but even here 'acceptable terms could be found'. One by one, Brown was therefore seeking to minimise the relevance of Gaitskell's five conditions to the situation now facing the party. And, as Brown himself put it, this meant that 'the balance of advantage would lie with our joining the EEC'.[69] Such conclusions merely added to the belief rife among Labour MPs that the party leadership had already decided to embark on a new application regardless of the outcome of the forthcoming probe.[70]

Backbench anxieties were temporarily stilled when Wilson spoke at the lord mayor's banquet on 14 November. The prime minister chose the opulent surroundings of the Guildhall to emphasise once again that the probe was precisely that – an investigation – and not the first step towards a new application. But Wilson himself further muddied the water when he stated with excitement that he hoped 'the next few months will lead to a wider European Economic Community'. And, dismissing those on the left who at Chequers had called for Labour to shrink Britain's world role to match its economic capacity, the Labour leader claimed that there was 'no future for Britain in a "little England" philosophy'.[71] Such clear signals merely accentuated the belief that the Labour leadership was determined to apply to join the Community. *Tribune* in particular gave prominent treatment to Wilson's position in an editorial published soon after the Guildhall speech.[72] That the left-wing mouthpiece reminded Wilson of his previous Euroscepticism, and questioned whether the party should trust him to defend British interests now, was a rather alarming omen for the application that would be launched seven months later.

The SD and the probe

The Labour leadership's problems might well have looked unique had its SD counterpart not faced far more pressing difficulties at the close of 1966. The most significant of these was connected to the 20 November general election, the results of which were less than ideal for the SD. By stark contrast to the success of Aksel Larsen's SF, which increased its seats by ten and was now the fourth biggest group in the Folketing, the SD lost seven parliamentary

[69] Notes for speech to PLP, 8 November 1966, MS Eng. c.5014, Wilson papers, Bodleian.

[70] Minutes of meeting, 15 November 1966, PLP minutes, 1966–67, LHA.

[71] Transcript of speech at lord mayor's banquet, 14 November 1966, MS Wilson c. 1135, Wilson papers, Bodleian.

[72] *Tribune*, 18 November 1966.

seats and polled its lowest share of the vote since 1945. At least two important implications were probably to follow from this result.

First, it meant that the traditional political landscape in Denmark – long dominated by the four 'old' parties: the SD, Agrarian Liberals, Conservatives and Nordic-supporting Social Liberals – had all but disappeared and the SD, which would continue as a minority government, was suddenly forced to enter a formal pact with the SF in order to pass legislation. The prominence of the SF in the ensuing 'red cabinet' brought immediate risks. That an openly anti-EEC and anti-NATO group would have considerable leverage over any possible future negotiations for Danish entry to the Community was the most obvious. Still worse was the prospect that the linkup with the SF might eventually find a number of SD MPs and the party rank and file more generally shifting leftward and adopting a far harsher critique of Danish Community accession. Given that parliamentarians still held great sway over an entry bid, not least because of the five-sixths majority that would be needed to enact the necessary legislation, the presence of a larger cohort of SF MPs and potentially burgeoning group of Eurosceptic SD MPs was a development that could seriously hamper Krag's ambitions of Denmark joining the Six at precisely the time that, with Labour's probe, enlargement seemed rather more likely.

Second, it meant that the only chance Krag had of keeping the flame of membership alight was to harden his rhetoric on Labour's probe. At both the EFTA heads of government meeting on 5 December and again at a session of the Folketing's market committee two days later, Krag indeed appeared to dismiss outright Wilson's tour of the Six.[73] Instead, the SD leader argued that Britain should apply for Community membership immediately and without reservation, before rehashing his pet refrain: that Danish membership would occur no later than 'at the same time' as British accession, if not before.[74] This was a potentially dangerous but quite measured decision. By attacking Labour policy while insisting that an application ought to be imminent and intimating that Denmark could join the EEC ahead of the British, Krag was at one and the same time distancing himself from Labour – pleasing the agricultural lobby still firm in their belief that Denmark ought to join the Community without Britain – and reasserting his authority on the European question by making clear to SF parliamentarians that membership of the EEC remained the SD's principal goal regardless of the changed political environment in Copenhagen. Although in private Krag was more

[73] Notes of EFTA heads of governments meeting, 5 December 1966, MS Wilson c.1136, Wilson papers, Bodleian. The market committee was a small, permanent group in the Danish parliament charged with following the government's European policy.

[74] Record of meeting held in Lancaster House, 5 December 1966, PREM 13/903, TNA.

agreeable – the SD leader would later tell Oliver Wright, the new British ambassador to Denmark, that the Labour tour allowed him to 'forget about my agricultural problems for the time being'[75] – the whole event was a stark reminder of quite how susceptible was SD European policy to the vicissitudes of domestic politics. The risk of course was that if the Labour probe ended in failure it would serve only to squeeze Krag's position further, in which case it was not unrealistic to expect that his premiership would come to a rather depressing and acrimonious end. This in turn made it vital for the SD leader that Labour undertake a notable shift in its European policy and actually apply to join the Six.

Disagreements over the probe

Discussing the minutiae of the government's talks during Labour's tour of the Six Community capitals, a process that began with a visit to Rome on 15 January and culminated in a trip to Luxembourg less than two months later, lies beyond the scope of this chapter. The topic has, moreover, already been subject to extensive academic analysis elsewhere.[76] But four salient points are worth mentioning in more detail.

The first is the very clear difference of opinion that existed between Wilson and Brown over how best to conduct the probe. At the heart of this disagreement lay the still widespread assumption that de Gaulle was the biggest obstacle to British accession. This was not a supposition without cause. A day after Wilson's 10 November announcement of the tour, *The Times* noted, for instance, that little had changed in terms of French perceptions of the British as still too cautious about joining the Community unconditionally and still too tied to the USA and the Commonwealth for it to be considered a truly European country.[77] Michael Stewart, in a conversation with *Guardian* editor Alastair Hetherington the following January, hinted at an altogether more Machiavellian reason behind de Gaulle's reluctance to admit Britain: 'de Gaulle remains the great obstacle […] one cock and five hens was fine, but two cocks and five hens was not'.[78] While Wilson was himself well aware of how likely was continued French obstructionism, he was, however, not prepared to watch as de Gaulle once again blocked the enlargement of the Community at a time when the Five and increasingly the Commission all showed a genuine interest in expanding the EEC beyond its six founder members. As Wilson put it in his own conversation

[75] Wright to Wilson, 24 January 1967, PREM 13/1290, TNA.

[76] Parr, *Britain's Policy*; Wall, *Britain and the European Community*.

[77] *The Times*, 11 November 1966.

[78] Note of meeting with Stewart, file 12/2, 9 January 1967, Hetherington papers, BLPES.

with Hetherington three days later, he was as a result 'not going to take the slightest notice of speeches, statements, demarches or anything else until he himself talked direct to de Gaulle. He would instead deal direct with de Gaulle. It would be the crucial part of the European negotiations'.[79]

Courting the French president would consist of several elements. This strategy would in part consist simply of pure flattery – appealing to de Gaulle's image of himself as a great European leader would do no end of good – but there were also more calculated points that Wilson could make. There was, for instance, ground to argue that without British accession the EEC's own influence in world affairs, and that of France's, would increasingly decline as the continent was slowly marginalised by the political and military might of the USA and Soviet Russia on the one hand and the growing economic might of Japan and China on the other. Equally reasonable an argument was that, apart from France, Britain was the only large stable country in Europe; such bonds meant that London and Paris ought to lead the continent together, not argue among themselves. There was also something to be said of the technological benefits of British membership, the United Kingdom a cauldron of scientific know-how and collaborative opportunities that would benefit a European market increasingly damaged by the more efficient and better-funded American technological sector. France's home-grown businesses would only benefit from working more closely with British counterparts and making use of their expertise and entrepreneurial skills.[80]

Throughout the entire period of the probe, by contrast, Brown believed that the task of negotiating enlargement could be made immeasurably easier if London and the Five joined together in some sort of informal pact which might compel the French president to accept British membership for fear of complete political isolation. Of particular importance to pursuing this aim was a meeting of the Socialist International at the beginning of January 1967. Admittedly the foreign secretary had by this date already pushed in Whitehall for Britain to align with the Five, only to fall at the very first hurdle when many of his own staff questioned whether challenging de Gaulle, rather than courting him as Wilson hoped to do, was the best way to attain entry. Nevertheless, as far as Brown was concerned the SI meeting in Rome still served an important purpose. It could, for instance, be used as a way of reaching agreement with the German and Luxembourg socialist

[79] Note of meeting with Wilson, file 13/25, 12 January 1967, Hetherington papers, BLPES. On Wilson's view of de Gaulle, Record of meeting with Johnson, 11 November 1966, PREM 13/910, TNA.

[80] Trend to Wilson, 1 November 1966, TNA; Palliser to Wilson, 6 January 1967, PREM 13/1475, TNA; Record of meeting with de Gaulle, 24 January 1967, PREM 13/1476, TNA.

parties – both of which were now members of coalition governments in their respective countries – that de Gaulle ought to be bypassed in any negotiations. At the very least socialist groups could return to their home nations and pressure their governments into accepting that a union between London and the Five represented the only way to overcome French obstinacy and that they ought to use their influence in the Community's Council of Minister to push France into admitting the British. And a motion agreed by European socialist parties would have the added value of showing both Wilson and Whitehall officials that Brown's approach enjoyed widespread support on the continent and was a viable strategy in its own right.

All this prompted the foreign secretary to side with French SFIO representative Jules Moch to propose a motion that called explicitly for a pact between Britain and the Five that would see the Germans, Dutch, Italians, Belgians and Luxembourgeois each announce their support for British entry prior to any talks with the French.[81] Handled correctly, this would offer a powerful signal to de Gaulle that the Five were each prepared to corner Paris. And it was an equally formidable indication that Brown was not prepared to sit quietly while the prime minister dominated Britain's European negotiations. The potential gains to be derived from informal socialist contact were once more shown to be immense.

For all these efforts, however, a solution along the lines envisaged by Brown was quite unworkable. The SI meeting instead confirmed that few of Labour's sister parties supported Brown's idea, many expressing concern that the Five would be unable, or unwilling, to coerce de Gaulle into admitting the British. Nor did Brown's attempt to carve his own path to Brussels by building a socialist alliance vis-à-vis the Élysée Palace curry much favour with those officials in London who continued to hope that Wilson would challenge de Gaulle directly. There was instead a profound belief in Whitehall, something only confirmed at the SI meeting, that the Five were ill prepared to place any pressure on the French in the way that Brown hoped.[82] With his approach being so roundly rejected by socialist counterparts and Whitehall officials alike, Brown was consequently left to face the fact that Wilson would dominate the tour of the Six. It was perhaps something of an irony that the one person who had since 1960 been suspicious of EEC membership was now Britain's best hope of joining.

[81] *Guardian*, 5 January 1967; Carthy's notes of conversation with socialist leaders, box 345, SI, IISH.

[82] See Parr, *Britain's Policy*, 122–24.

The decision to apply

A second, more significant point that ought to be added to this list is that the tour left Wilson determined to launch an application. In each of his conversations with the Community members, the prime minister made it plain that he was sincere in his desire for Britain to join. This point was given special significance when the Labour delegation landed in Paris. Having said he wished to negotiate directly with de Gaulle, Wilson chose to emphasise the political gains for the Community should Britain become a member. It would bring with it scientific expertise and the political strength that would allow the EEC truly to stand as a world power alongside the USA and the Soviet Union.[83] This was a significant and shrewd move: it appealed to de Gaulle who hoped to create a Europe that could square up to Washington and Moscow, but also indicated that British membership would be a precursor to this; the Six alone could not be the international force that France hoped.

Beyond these loftier appeals to accept Britain came the understandably trickier issue of the conditions upon which it might join. Wilson here was more effusive, but the upshot of his talks with de Gaulle, as with the Five and the Commission, was that the prime minister would accept the Treaty of Rome subject to certain adjustments being made – something that he had long been reluctant to accept so openly ahead of the probe. As expected, agriculture and the Commonwealth were among the most troublesome areas and required a delicate balancing act: the government would need to secure safeguards for British agriculture and Commonwealth exporters without sounding as though London wanted to rip up the CAP and start again. Wilson thus emphasised the flexibility of Britain's response to the issue. It was hoped that marginal changes would be made, notably what to do with the money raised from levies on agricultural imports from the Commonwealth and other third countries. The point emphasised throughout, however, was that a solution could indeed be found. Wilson even suggested to de Gaulle that 'perhaps the CAP was not as problematical as first thought'.[84]

In so far as this flexibility was welcomed by each of the Six, the tour of the Community could be considered a success. All six EEC member states recognised that the Labour government was far more open to compromise than the Conservatives had been under Harold Macmillan.[85] In response, Wilson's support for British membership appeared to become more forceful,

[83] Record of meeting with de Gaulle, 24 January 1967, PREM 13/1476, TNA.

[84] Record of meeting with de Gaulle, 25 January 1967, PREM 13/1476, TNA.

[85] For instance, Record of meeting with Moro, 16 January 1967, PREM 13/1475, TNA; Record of meeting with Werner, 8 March 1967, PREM 131478, TNA.

as Ben Pimlott has shown.[86] In fact, on 5 March – before the tour had even finished – Wilson recorded in a note to Burke Trend that he did now intend to apply. The decision was not without problems. As had been emphasised, especially by the Dutch during the probe and as Wilson himself well recognised, de Gaulle would not accept an application with conditions attached. At the same time, the cabinet would be as unwilling to accept any application that did not address questions such as the Commonwealth and agriculture. Wilson thus settled on something less than unconditional: a 'simple application for entry' followed by 'a statement to the House, communicated to each of the governments of the Six, saying that our probes were helpful and encouraging and that we have identified three or four main difficulties […] on which we would like to have further discussions'. The prime minister would insist to both the cabinet and the Six that such difficulties were 'soluble' but that talks centred on them were best left until after entry.[87]

By making an application that itself had no conditions attached but was closely followed by a statement about a handful of difficulties that would require further discussion, Wilson clearly thought he had stumbled upon a trick that the cabinet would find hard to resist. Ministers would be tempted by the fact that 'we are not making an unconditional application' and that they would each have ample chance to express their views: 'I am very anxious not to rush the cabinet. We cannot delay indefinitely but three or even four meetings are worthwhile if we carry a more or less united Cabinet at the end of the day'. But this would be a purely 'factual discussion' rather than an emotionally charged argument about the intricacies of Britain's terms of entry – ministers would in other words be restricted to discussing *how* to apply to the Six, not *whether* Britain actually should. Cabinet's discussions were therefore a chance for Wilson and Brown to state both the political case for entry and that Britain had few real alternatives open to it. Meanwhile, by using his Commons speech to talk very generally about securing the essential 'British and Commonwealth interests', the prime minister would reduce the emphasis on the conditions of entry and therefore limit possible points of disagreement. Even if there was debate, all Wilson would need was a simple majority in favour of an application; ministers would then be reminded that the principle of collective responsibility meant that everyone was compelled to support the motion.[88] The Labour leader had thus seemingly learnt the

[86] Ben Pimlott, *Harold Wilson* (London: HarperCollins, 1992), 441–42. See also Crossman, *Diaries*, entry 26 January 1967, 212.

[87] Wilson to Trend, 5 March 1967, MS Wilson c.1595, Wilson papers, Bodleian.

[88] Wilson to Trend, 5 March 1967, MS Wilson c.1595, Wilson papers, Bodleian. On collective responsibility, CC(67)28th, 4 May 1967, CAB 128/42, TNA. On Wilson's control

mistakes of Macmillan by recognising that it was the applicants, not the Six, that would have to demonstrate flexibility. That Wilson had recognised as much, and in turn had chartered the course by which Britain would join the EEC well before the probe had ended, also suggests that claims by the PLP earlier in November that the Labour leadership would use the probe to embark on an application without first consulting party were entirely justified.

There may be troubled ahead ...

The third and equally noteworthy point that needs to be included in this list of topics related to the probe is how likely still was the chance that an application would end in failure.[89] After all, the prime minister's flexible approach on display during the tour was unlikely to go down well with everyone in the Labour Party.[90] But more damning was the mounting evidence that France would indeed seek to prevent British accession. Ongoing disagreements over agriculture and the Commonwealth would almost certainly prove inimical to a successful bid. But the dividing line between London and Paris promised to be more boldly drawn thanks to the issue of capital movements. The free transfer of money was a major facet of the Treaty of Rome; loans, investment, real estate purchases and financial transactions between member states were all fundamental to the creation of a true common market. For Britain, it was bad enough that capital movements would further destabilise sterling. Still worse, talk of this issue during the Paris leg of the probe had allowed de Gaulle to express doubts about the broader economic weaknesses of the British economy and the dangers it posed to the stability of the Community market.[91] This line seemed something that was only going to repeated in the actual membership negotiations. Labour's newfound flexibility showed little signs of being mirrored by France.

Wilson was keen to press on regardless, however. Part of the reason was that the Labour leader had heavily invested much of his personal credibility into obtaining entry. Having marched his team up to the top of the Brussels hill there was thus no political way for Wilson easily to march it back down again, something the prime minister had explained in his note to Trend: 'I

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of cabinet, Clive Ponting, *Breach of Promise: Labour in Power, 1964–1970* (London: Hamish Hamilton, 1989), 210; Lieber, *British Politics and European Unity*, 253–54.

[89] Record of meeting with Brandt, 16 February 1956, PREM 13/1477, TNA.

[90] Brown to Mulley, 24 February 1967, and Mulley to Brown, 22 March 1967, both MS Eng. c.5015, Brown papers, Bodleian.

[91] The most detailed discussion on the probe remains Parr, *Britain's Policy*, 111–16.

think we should be wrong after all we have heard, and after the approach we announced in November, either to reject the idea of entry or simply to say "this is not the time"'. Another substantial reason why Wilson was keen to press on regardless of French behaviour was that the Labour leadership believed a de Gaulle veto was not guaranteed. French domestic opinion was favourable of British accession. Both the Five and Commission were also more visibly supportive of enlargement than in 1963. And de Gaulle had already spent much of his political capital with the French public and his international counterparts by provoking the empty chair crisis and later withdrawing France from NATO. As Wilson again outlined in his note to Trend, he therefore believed that a second French veto would be one step too far: 'a total rebuff would be very difficult for them and delay would certainly be no greater'.[92]

Then there was the prospect that the Five might be tempted to take a firmer stand against the French president. Indications that this might well be the case came from several sources. Perhaps the most promising was Pietro Nenni, the leader of the Italian Socialist Party (PSI) during an April 1967 meeting with members of the Labour Committee for Europe (LCE) – the successor of the Labour Common Market Committee chaired by Roy Jenkins and ran on a day-to-day basis by an old army contemporary, Labour Party regional election coordinator Jim Cattermole. In a somewhat remarkable volte face to what had been promised when Brown met Labour's socialist counterparts a few months earlier, Nenni, who in addition to being PSI leader was also the Italian deputy prime minister, used the occasion to explain how Italian socialists would indeed champion British membership domestically with the aim of convincing the Christian Democratic prime minister, Aldo Moro, to fight to stop France delaying enlargement within the Six's Council of Ministers. Nenni could not of course be certain whether Moro would in fact go through with such strategy. But the LCE was convinced enough that it recommended to officials in Whitehall that Britain ought to persevere with its membership bid in the expectation that de Gaulle would eventually capitulate.[93]

A still more significant reason to continue with the bid was that Wilson himself believed that Gaullist obduracy would be overcome eventually. The Labour leader's personal diplomacy vis-à-vis the French president would form the first, more short-term aspect of this strategy. But seen over a longer period, an application was by this stage considered a necessary step simply because it would demonstrate Britain's willingness to embrace a European destiny, thereby helping smooth the path to British membership in the

[92] Wilson to Trend, 5 March 1967, MS Wilson c.1595, Wilson papers, Bodleian.
[93] Fairweather to Gordon, 9 May 1967, FCO 33/349, TNA.

future should de Gaulle once again veto.[94] A veto in this sense was less problematic if it helped lay the foundations for Britain's eventual entry once the General had left office. A mixture of genuine desire for Britain to join in the long term, naivety about de Gaulle's intentions, misplaced optimism about Wilson's negotiating abilities and misguided faith in the Five all caused Labour to plough on regardless.

The SD was rather more pessimistic about Britain's chances. In a series of his own meetings with the Six, Tyge Dahlgaard quickly gained the impression that even if differences over the Commonwealth and British adherence to the Community's agriculture policy could be ironed out, the French still considered Britain's economy too weak, sterling too fragile and London too Atlanticist to warrant British membership. Nor was Paris the sole problem. As Dahlgaard put it in a letter to Brown on 7 February, the Italians were concerned about the effect of British membership on the CAP and the Germans equally anxious that British accession might propel the Community towards détente and weaken their position vis-à-vis the Soviet Union. But France remained the greatest challenge. As Dahlgaard put it, regardless of Wilson's actions the French seemed certain to doubt Britain's 'European sensibilities' before adding: 'I suppose they are not quite wrong about that'.[95] What to Wilson looked likely to evolve into a successful bid for British membership at some point in the future thus to Dahlgaard looked like almost certain failure. The contrast between Labour's misplaced optimism and the SD's hard, cold reality could hardly have been starker.

Exacerbating SD anxieties about the likelihood of a French veto was the equally awkward possibility that France might offer Britain and Denmark association as a substitute for full EEC membership.[96] As was the case in 1965, the idea that Wilson might accept associate membership held little promise for Denmark as far as the SD was concerned. The problem then as now was that an offer from de Gaulle for both countries to take up associate status was unlikely to end in Denmark being granted access to the CAP. The SD leadership therefore moved quickly to impress on its Labour counterpart that it was 'important that we remain firmly against any "subsidiary" solution'. Dahlgaard indeed told Brown in a series of letters sent in February 1967 that the British had to 'realise that as far as Denmark is concerned any solution short of membership is highly unwarranted'. Despite believing

[94] See Parr, *Britain's Policy*. On the idea of a 'successful failure', see Oliver Daddow, 'Introduction: The historiography of Wilson's attempt to take Britain into the EEC', in Daddow, *Harold Wilson and European Integration*, 1–25.

[95] Dahlgaard to Brown, 7 February 1967, box 88, Krag papers, ABA.

[96] For a more detailed discussion, Laursen, 'Denmark, Scandinavia and the second attempt', 417.

full well that de Gaulle did plan to veto the British, Dahlgaard encouraged Labour to launch the application for full membership and to accept nothing less in the process.[97]

Probing the Six, uniting a party?

A fourth and final point relating to the probe is that it proved unable to unite a fissiparous group of Labour MPs that, well before the cabinet met on 21 March to discuss the results of the exploratory tour, had already split over whether Britain should join the Community. As had become clear in the series of PLP meetings in November, certain sections of the Labour movement remained unhappy about the possibility of Britain acceding to the Six. As early as January 1967 there were signs that such resistance had grown still greater when Emanuel Shinwell, a senior Labour MP and chair of the PLP's liaison committee between backbench MPs and ministers, threatened to resign over what he considered was the unfair support given by the government to entry before the tour had concluded.[98] By February *Tribune* had joined this chorus of criticism, with one article suggesting both that the party leadership had abandoned the five conditions laid down by Gaitskell in 1961 and that those on the left should not trust the Wilson government to secure adequate membership terms.[99] More fundamental, though, was the decision later that same month by 107 Labour MPs to sign an early day motion warning Wilson not to abandon Gaitskell's five conditions.[100] Securing the necessary support for entry from his own ranks would not prove an easy task, however hard the Labour leader tried.

On the other side of the debate was Sam Silken, the MP for Dulwich and chair of the PLP's Europe committee, who used an article in *Socialist Commentary* to pontificate that 'the very success of the Community has created the need for enlargement'.[101] That Eric Heffer, the left-wing pro-European MP for Liverpool Walton, argued in the same edition that EEC membership offered 'hope for the revival of European socialism as a serious force', and likewise that the Community could become a 'third force [...] led by the democratic socialists of Europe', was a reminder that this was more than a split divided neatly along left–right lines. The one saving

[97] Notes of meeting between Dahlgaard Luns in *Økonomisk-Politiske afdeling*, 24 February 1967, box 108, Krag papers, ABA.

[98] Minutes of meeting, 26 February 1967, PLP minutes, 1966–67, LHA.

[99] *Tribune*, 3 February 1967.

[100] *Hansard*, Early Day Motion 22 February 1967, vol. 427, no. 1. See also *The Times*, 23 February 1967.

[101] *Socialist Commentary*, February 1967.

grace came when the PLP agreed by 156 votes to 38 that, with the Labour manifesto having stated that Britain should join the EEC on the right conditions and with Wilson now having made his decision to this effect, the parliamentary party ought to vote on a three-line whip rather than a free vote.[102] This meant through the sheer force of party discipline enough Labour MPs would come out in favour of applying. But little could disguise that the prime minister's hopes of the probe retaining some semblance of party unity had been seriously undermined.

The membership applications

At first glance it appeared that the SD at large would respond to the prospect of Community enlargement in much the same way as had Labour parliamentarians. And there was indeed a clear movement against Danish EEC membership from some quarters. A meeting of the SD executive committee in mid-April, for instance, saw a number of party activists speak out against entry, this time for fear that accession might adversely affect Denmark's welfare system. The difficulty was that Danish social security payments were higher than the EEC average; such schemes, so the anti-EEC argument went, would be put at risk if the government was forced to harmonise social policy.[103] Others in both the SD and the SF also were equally convinced that entry to the Community might ruin Denmark's Nordic ties. This had more than just a sentimental edge. One positive effect of EFTA as viewed from Copenhagen had been that industrial trade with Sweden had soared; should Denmark join the EEC without Sweden, any trade barrier across the Øresund strait would consequently prove highly damaging for Danish industry. For this reason, Hans Rasmussen was among several party officials who continued to advocate Danish exclusion from the Six and the building of closer bonds between Copenhagen, Stockholm and Oslo.[104]

By the start of May, however, this hostility had failed to spread into the upper echelons of the party machinery. Nowhere was this clearer than in meetings of the SD ministerial committee, where senior figures seem to have coalesced around EEC membership simply because so perilously few alternatives existed that could solve Denmark's agriculture dilemma. Claims by Eiler Jensen that the Community was not aiming for a common social

[102] Minutes of meetings, 27 April 1967 and 11 May 1967, both PLP minutes, 1966–67, LHA.

[103] Forretningsudvalgsmøde, 11 April 1967, box 110, AE, ABA.

[104] The various manifestations of this opposition come across very clearly in Forretningsudvalgsmøde, 22 August 1967, box 110, AE, ABA.

policy also played a role in convincing those sceptical of entry.[105] This fact did not mean that Krag could be completely sure of his colleagues' support for an application. Hence, he was careful to emphasise in the following weeks not only that Nordic cooperation remained vital to Denmark regardless of whether it was complemented by EEC membership, but also that the SD leadership would only recommend joining if 'satisfactory solutions' could be found for its Nordic neighbours.[106] But, fortunately, it did mean that there was not the sort of animosity that had so worried the SD leader in 1961.

Similar sentiments ended up penetrating the thinking of much of the Labour cabinet. It helped that the alternatives discussed at Chequers – NAFTA and 'going it alone' – were in a series of reports penned in early 1967 both shown to be ineffective substitutes. There were, it seemed, no alternatives to the EEC.[107] At a meeting on 20 April Wilson chose to underline this and emphasise especially the political reasons that meant Britain ought to join. First among his comments was that Britain could lead a continent that would otherwise be controlled by Paris and Bonn. By joining, the United Kingdom would remain Washington's key European ally at a time when Germany's economic and political stature increasingly made it the more obvious choice.[108] The prime minister also went to some length to make clear that, regardless of how likely was a French veto, an application was essential since Britain would have to seek entry eventually. This undermined the point made by Denis Healey, the defence secretary, and others that an application was ill-timed given Britain's continued economic weakness. In the process it also convinced many 'not yets' – those like Benn and Callaghan who were (at this stage at least) less ideologically averse to entry but still remained to be swayed by the arguments – to support a bid. And also among Wilson's claims was that the application would be straightforward and unconditional, and that more specific details about the precise terms of entry would be dealt with at a later stage. By doing so, Wilson only had to get cabinet's support for membership in principle, promising to deal with the specific conditions of British accession – especially on CAP and the Commonwealth – either during the negotiations themselves or after Britain joined. Despite the less than wholesome support from the PLP and wider party, the challenge of garnering support from the cabinet was hence

[105] Forretningsudvalgsmøde, 11 April 1967, box 110, AE, ABA.

[106] Notis: Den markedspolitiske situation, 20 April 1967, box 98, Krag papers, ABA.

[107] Trend to Wilson attaching report 'AFTA/GITA', 13 April 1967, PREM 13/2108, TNA.

[108] CC(67)22nd, 20 April 1967, CAB 128/42, TNA. On Wilson's view of British leadership in Europe, Note of meeting with Wilson, file 13/18, 24 April 1967, Hetherington papers, BLPES.

made immeasurably easier. Admittedly several prominent names, including Castle, Healey and Jay, remained unconvinced. Crucially, though, in the vote on 2 May, most ministers did support Wilson.[109]

A decisive step in Labour and SD European policy had therefore been taken with notably little disagreement within the highest echelons of the two parties. The evident goodwill that pervaded the two cabinets was in turn echoed in the British and Danish parliamentary votes in favour of the applications, with 488 to 62 MPs supporting the Labour government and 150 to 20 members of the Folketing supporting Krag's administration. The applications delivered to Brussels on 11 May were thus made in a rather novel environment of relative unity and commonalty of views among the leaderships of the two groups.

But, as quickly became clear, the path to this point had been taken at great cost elsewhere. For a start, the debate about entry only brought out into the open some of the more fundamental arguments that continued to encompass the Labour Party. This was confirmed in the PLP vote. Of the 62 votes against applying over half were Labour MPs – defying the earlier commitment to the three-line whip – while a further 51 members of the PLP abstained altogether.[110] And support for entry from the cabinet was overshadowed further when in early May 25 MPs from the Tribune group – Labour's principle left-wing caucus – drafted a memo stating that they would never support British EEC membership.[111] The application had thus sown the seeds for left-wing discontent with British European membership that was to extend throughout and indeed well beyond Wilson's premiership.

Krag could take rather more comfort in the fact that it was all 20 SF parliamentarians and none of his own who voted against the Danish application. But, paradoxically, this brought its own problems, given that the minority SD government had since December formally relied on the SF to pass legislation; the threat of the SF 'punishing' Krag by disrupting the very business of government would from now on be ever present. And while Aksel Larsen's claims that the Community was a capitalist, nuclear-wielding superstate were speedily rebuffed by the SD leader, the idea did find some support from within Krag's own ranks.[112] The SD may well have supported

[109] CC(67)27th, 2 May 1967, CAB 128/42, TNA. In addition to Wilson were Gordon Walker, Callaghan, Brown, Stewart, Jenkins, Crosland, Benn, Crossman, Lord Gardiner (the lord chancellor), Cledwyn Hughes (Welsh secretary), Lord Longford (lord privy seal), Sir Elwyn Jones (attorney general) and Ray Gunter (employment minister).

[110] *The Times*, 9 May 1967.

[111] Minutes of Tribune group meeting, 8 May 1967, RICH/3/3, Jo Richardson/Ian Mikardo papers, LHA.

[112] For a sense of this, Folketingets forhandlinger, 1966–67, cols. 4070ff., 11 May 1967.

entry therefore, but there was plenty of scope to argue that this was far less full-hearted than at first seemed the case.

Expectedly, though, the most immediate concern for both Labour and SD leaderships was France. In the weeks before the launch of the May application it had become obvious that de Gaulle did intend to do all he could to hamper British membership. The latest confirmation of this came from Karl Czernetz, the international secretary of the SPÖ, in a letter to Labour's overseas secretary, Gwyn Morgan. According to Czernetz, the SPÖ had been told that de Gaulle planned to make a 'counter-proposal' to the applicants 'consisting of an offer of "preferential area treatment"'.[113] Fears that the French planned tactically to delay the bids before essentially offering associate membership, together with existing doubts that Labour might accept as much, had one very immediate consequence. For the SD started once again to talk in terms of Denmark joining the Six alone. As soon as this happened it became clear that a Labour response was vital. A visit by Fred Mulley to Copenhagen, during which he gently reminded the SD that Danish agricultural exports to Britain would be put at risk should it decide to join alone, thus duly followed.[114] But while this reflected once again how informal links between the two parties remained vital to the development of British and Danish European policy, the fact that Dahlgaard continued to make the case for lone Danish entry thereafter also reflected the degree of domestic pressure, both economic and political, weighing on the SD leadership. Cross-border camaraderie counted for nothing if it meant the SD government would fall.[115] All eyes were hence firmly fixed on de Gaulle to see whether he would repeat his actions of 1963 and veto.

[113] Morgan to Brown, enclosing copy of memo Anthony to Morgan, 1 April 1967, MS Eng. c.5023, Brown papers, Bodleian.

[114] Forretningsudvalgsmøde, 11 April 1967, box 110, AE, ABA.

[115] Danish Embassy, Paris, to Ministry of Foreign Affairs, 3 May 1967, box 98, Krag papers, ABA.

5

Dealing with Rejection: May 1967–December 1968

Confirmation of quite how keen was de Gaulle to obstruct enlargement of the EEC came on 16 May. In the first of two press conferences that would dictate the fate of the membership bids, the French president spoke at length about the 'formidable' obstacles facing British entry. None of what was said, admittedly, amounted to an outright *non*. De Gaulle himself claimed somewhat confusingly that 'there could not be, and, moreover, has never been, any question of a veto'. And confirming earlier SD doubts, he did also seem to leave open the possibility that Britain and Denmark might be allowed to join first as associate members before negotiating full entry at a later date. But his insistence that British membership would upset 'the equilibrium of the Common Market', and would in the process risk the functioning of the CAP, left many wondering whether this was not a veto in all but name.[1]

Unlike in 1963, however, it took a second press conference on 27 November for the French president finally to confirm that enlargement would in his mind pose such a danger to the Community, its institutions and its existing policies that he had little choice but to veto. The first part of this chapter must therefore concentrate on the way in which Labour and the SD each responded to the two press conferences by first refusing to take no for an answer and later choosing to keep the applications on the table. It will in other words confirm that neither party was prepared publicly to accept that either the so-called velvet veto of May 1967 or the actual veto delivered six months later sounded the end of the membership bids.

Beneath these sentiments, though, existed a clear frustration on the part of the SD that Denmark's hopes of joining the Six had once again been

[1] For instance, *Financial Times*, 18 May 1967. One columnist claimed that de Gaulle's press conference meant 'the deal is off', *The Times*, 17 May 1967. For de Gaulle's speech, FO to certain missions, General de Gaulle's press conference on 16 May 1967, tel. no. 16, 25 May 1967, PREM 13/1482, TNA.

jettisoned by maintaining so close a relationship with Britain. And this was matched by the consternation of some in Labour with the virtues of retaining a bid for membership with de Gaulle having so spectacularly once again rejected the British. The second half of the chapter must therefore review both the decision by Krag to pursue a Nordic alternative to the Six and the disputed Labour response to the veto. This will include an analysis of the very strong support given in private by the Danish premier to the Nordic idea during the latter part of 1967, the ongoing discussions within the SD about the nexus between Nordic cooperation and European integration following the party's ensuing return to opposition in January 1968, and the myriad alternatives to British EEC entry promoted by Labour ministers throughout much of that same year. Not only should this examination illustrate the degree of difference that existed between Labour and the SD by the close of 1968, but also the very obvious divergence of thought within each of the parties about how best to confront the second veto and approach the post-veto years.

Not taking no for an answer

The British application that Wilson announced on 2 May and which arrived in Brussels nine days later was remarkably straightforward. The Labour leader stuck firmly to the plan he had outlined to Trend two months earlier and made a simple, uncluttered one-line bid requesting entry 'under Article 237 of the Treaty of Rome for membership of the European Economic Community'.[2] As Wilson had also earlier promised, he followed this up with a speech to the Commons which delineated the problems that Britain was likely to face. The first of these was the impact of the CAP on the cost and standard of living in Britain. The second related issue was the Commonwealth. Wilson restated his belief that safeguards would be needed for New Zealand dairy products and Commonwealth sugar-producing countries that relied on fixed quotas of exports and from which Britain benefited by paying a negotiated below-the-world price. But the Labour leader was careful not to point to any specific protections. Nor did he claim that the failure to secure acceptable terms on these issues would necessarily represent a red line that would preclude Britain from joining the EEC. What he was at pains to stress, by contrast, was that there was 'nothing either in the Treaty of Rome or in the practical workings of the Community which need make [disagreements over the Commonwealth and agriculture] insoluble'. It was therefore a distinctively optimistic Wilson who claimed that Britain would benefit from joining 'a single market of approaching 300 million people, with

[2] FO to Brussels, tel. no. 439, 6 May 1967, FCO 30/91, TNA.

all the scope and incentive which this will provide for British industry'.[3] The Labour leader's support for entry could hardly have been clearer.

The response of the Five to this short, simple application was unsurprisingly upbeat. Norbert Hougardy, a Belgian liberal senator and member of the European Parliament, claimed enlargement to include Britain and the Scandinavians would 'bring a greater balance between northern and southern Europe'.[4] Ludwig Metzger, a German parliamentarian, claimed that the applications would be hard to reject.[5] And Joseph Luns, the long-serving Dutch minister for foreign affairs, noted that he saw no reason why British accession should be delayed.[6] The only reservation came from the odd media outlet, with various Italian and French newspapers questioning whether Britain's concerns over the CAP made it a good fit for the EEC.[7] But even this was insufficient to dent the British belief that the problems posed by enlargement of the Community were conquerable. The hope therefore was that negotiations would open soon and that claims that France intended to delay membership talks would ultimately prove fruitless.[8]

De Gaulle's 16 May press conference all but ended such optimism. And the president's intervention also meant that the enthusiasm for British entry shown by the Five just days earlier quickly seeped away. Especially alarming from Labour's perspective were comments made on 20 May by a spokesperson for the government in Bonn who hinted that the Federal Republic was reluctant to intervene since France was perfectly within its rights to veto enlargement.[9] More encouraging were remarks delivered by Pierre Harmel, who maintained that his government would 'do everything possible to activate the negotiations'. Even then, however, the Belgian foreign minister was reticent to attack de Gaulle directly, claiming instead that he wanted to prevent events descending into mudslinging.[10] And the Belgian ambassador to London probably gave a clearer insight into Brussels' thinking when he told British officials that enlargement risked dividing the Six and undermining the solidity of the Community that had only just been rebuilt following the empty chair crisis.[11] Support from

[3] *Hansard*, HC Deb, 2 May 1966, vol. 746, cols. 310–14.

[4] European Community Information Service, *European Community*, 103 (1967), 23.

[5] *The Times*, 10 May 1967.

[6] *The Times*, 3 May 1967.

[7] See Parr, *Britain's Policy*, 154.

[8] *Guardian*, 3 May 1967. See also FO to Paris, tel. no. 1206, 12 May 1967, PREM 13/1482, TNA.

[9] According to columnist Norman Crossland at least, the West Germans were 'bowing to de Gaulle', *Guardian*, 20 May 1967.

[10] *The Times*, 17 May 1967.

[11] FO to Paris, tel. no. 464, 19 May 1967, FCO 30/170, TNA.

the Netherlands and Luxembourg appeared as resolute as before, but as with Italy there were growing indications that none was willing to drive a wedge between the Five and de Gaulle by so forcefully denouncing the French president.[12] From each of these statements thus came a very strong indication that the Five had no particular inclination to challenge de Gaulle about his overly pessimistic view of British entry if it meant engaging in an argument with Paris to the point of outright confrontation and weakening the integrity of the Community in the process.[13] The obstacles to enlarging the Community were thus every bit as formidable as some had earlier dared to imagine.

London's response to all this was immediate. With de Gaulle's press conference fresh in people's minds, the Foreign Office reminded observers that Britain supported both the Treaty of Rome and the principles of CAP and that the Wilson government would consequently sustain its application since during Labour's probe no Community member state had claimed enlargement would be impossible.[14] But as became clear in the days following de Gaulle's press conference, not everyone was entirely sure whether Wilson was prepared to follow the government's own advice. Foremost among these was George Brown, who was evidently alarmed that Wilson might be tempted to adopt what he called 'a "take it or leave it" attitude' by acknowledging de Gaulle's concerns but arguing that negotiations opened now or never. As he put it in a letter to Wilson penned on 18 May, 'if we allow the notion to get abroad that we are not prepared to be reasonably patient […] this will play straight into the General's hands, and enable him to say that it is we who have vetoed ourselves'. Brown was also astute enough to warn Wilson that Labour ought to resist exploring substitute proposals to full EEC membership: 'you have made it quite clear that there are alternatives [but] that as things stand at present you would regard them as second best […] There, I think, the matter should rest'.[15] Labour should therefore be prepared to sit and wait, keen to maintain the application and press for negotiations with the Six to open as soon as possible. But at a more fundamental level the foreign secretary's correspondence indicates that those colleagues working most closely with Wilson on European matters were not entirely sure what the prime minister's true intent was or what his next move would be. When Wilson did finally declare that he supported full entry and that he was unwilling to accept a unilateral veto, it was therefore doubtless

[12] *The Times*, 17 May 1967; Parr, *Britain's Policy*, 155.

[13] Ludlow, *The European Community*, 141.

[14] FO to certain missions, tel. no. 103, FCO 30/170, TNA. See also Parr, *Britain's Policy*, 155–56.

[15] Brown to Wilson, 18 May 1967, PREM 13/1482, TNA.

to the relief of Brown and pro-Europeans in the Labour leadership as much as anyone else.[16]

Events within the Community, however, soon showed that attaining full EEC membership was likely to be an ever more impossible task. Both the Six's May Rome summit tasked with discussing the applications, and the meeting of the Council which took place later on 26 June, revealed the true complexity of the situation. One problem that emerged from these gatherings was that discussion on the membership applications – a conversation that would usually have forced Paris to clarify quite what position it intended to take on British membership – was very quickly overshadowed by a more drawn-out debate about which procedure could best process the British, Danish, Irish and (the as yet unannounced) Norwegian bids. France was therefore free to claim that the Five ought to think more thoroughly about the likely effect of expanding the Community to include a number of northern European countries, and that the Six as a whole ought to study the problems that were likely to arise from British membership, all without de Gaulle being put on the spot about his earlier press conference.[17]

Another, not unrelated, problem that arose was that France urged its Community partners to discuss the principle of enlargement more generally rather than the intricacies of the British bid itself. The Five were therefore left trying to decipher whether and how de Gaulle would go about vetoing Britain and defending the case of enlargement without quite knowing what French tactics would be.[18] Nor did the two points on which Paris was willing to give some room bode well for the applicants. The first – that the Commission be asked to produce an official opinion on enlargement that concentrated on the British case exclusively – was potentially very serious to an SD once again concerned that Danish interests would be excluded from the negotiations. The second point of substance – that the British application be discussed at a meeting of the Western European Union (WEU) on 4 July – was by contrast a blow to both Labour and the SD since Britain would have less chance with France on its home turf and Denmark was not a WEU member.[19] Labour was hence left to talk about the possibility of opening negotiations with the Community outside the framework of the EEC itself, while the SD was set to be excluded from these discussions altogether.

[16] *The Times*, 18 May 1967.

[17] Larsen to Krag, 2 June 1967, box 98, Krag papers, ABA.

[18] See Ludlow, *The European Community*, 138–39.

[19] Brussels to FO, tel. no. 165, 27 June 1967, PREM 13/1483, TNA.

An alternative strategy

If de Gaulle's less than total support for British entry meant that progress was probably at best to be unhurried, one possible response was for Labour to accept association of the Community as an alternative strategy to full membership. So little advance had been made since 16 May that already by June several voices in the party were arguing that it was symbolically important to use whatever limited means Labour had best to ensure formal negotiations with the Six open. Foremost among these was Geoffrey Robinson, a researcher in Labour's overseas department and a future paymaster general, who saw association as the first step towards full Community membership. Having spoken with the Paris-based Reuters journalist Harold King, André Fontaine of *Le Monde* and 'the usual "informed circles"', presumably aware of the latest thinking in the Élysée Palace, Robinson recommended to Wilson and the party's overseas secretary, Gwyn Morgan, that the government 'shouldn't reject the idea of some form of association out of hand'. According to Robinson, Labour could 'get another phrase for it: "pre-membership" or something like that', the idea being that 'there were a terminal date to such a form of membership after which we would become full members with full participatory rights'. Robinson went still further, stating that de Gaulle was willing to find a compromise that might overcome the impasse caused by his May press conference:

> The French agree to opening negotiations under Article 237 for full membership, and we agree that the statement announcing the opening of negotiations should make some reference to the effect that we would be prepared to consider some alternative form of membership if it proves impossible to complete successfully the negotiations for full membership.

Robinson was certainly not unaware of the problems inherent in such a solution: 'it would let the French off the hook very easily if they decide to block the negotiations'. But he was equally adamant that the important thing was surely to get de Gaulle to the negotiating table. Negotiations, even if for associate membership, could in this sense furnish the party leadership with an opportunity to push for full entry in a way that had thus far eluded them: 'it would get us into negotiations, which is most important, as we would then have a chance to win'. It was, so Robinson thought, 'difficult to see what we would lose'.[20]

Neither Wilson nor Brown shared this analysis.[21] The arguments were well rehearsed. Wilson had undoubtedly shown some interest in British

[20] Report by Robinson, attached to Morgan to Wilson, 16 June 1967, MS Wilson c.1282, Wilson papers, Bodleian.

[21] *Hansard*, HC Deb, 20 June 1967, vol. 748, col. 1419.

association back in 1965, but the leadership had long discounted this as a viable option since association would mean having to agree to many of the economic conditions implied by full membership without securing the political benefits that Britain so craved. Just as important in explaining Wilson's reluctance to accept British association with the Community was that it would represent a rather ignominious climb-down for a party leader who had staked so much of his own political capital on securing full entry. Nor in the aftermath of the May press conference could the Labour leadership be sure that de Gaulle would not simply veto an association agreement. An arrangement of this type was after all unlikely to prove that much easier to negotiate and would furnish France with similar opportunities for delay. So great did de Gaulle's determination to prevent the opening of formal negotiations appear to be that a French veto on British membership of whatever sort now seemed likely.[22]

The sincerity of the Labour leadership's support for full membership was reinforced in a series of meetings over the summer. Most significant of these was Wilson's meeting with de Gaulle on 19 June. At stake in the splendour of Trianon, a grand château north-west of Versailles, was whether Wilson could convince de Gaulle that Britain was committed to the Community and that the mindset among Labour ministers was that of a European power and not a global one wedded to the USA.[23] Stuart Holland, a Labour political advisor on European matters based in Wilson's private office, was to prove crucial in this regard. As part of the planning for the trip, Holland chose to make use of his friendship with Pierre Joxe, a French socialist and the son of de Gaulle's justice minister, Louis Joxe, in order to offer Wilson suggestions about how he ought to deal with the French president. Chief among these was Holland's insistence that Wilson had to make de Gaulle fully aware of France's own strengthened position in the Community, referencing the empty chair crisis in order to convince the president that he 'no longer has to walk out to make plain [that the EEC] is going too fast for its own good'. The message, Holland explained, should very much be that France was the leading country in the Community and that British entry would do little to change this.

Also among Holland's propositions was that Wilson would have to indicate Labour was willing to enact substantial policy changes in return for opening full membership negotiations. The more obvious, not to say controversial, of these would be the 'Europeanisation' of sterling by abandoning its role as a reserve currency and pegging it to those in the Six. And essential

[22] On association, see, for instance, Wright to Hancock, 7 November 1967, FO 1108/24, TNA.

[23] Wilson, *The Labour Governments*, 522.

if Wilson was to convince de Gaulle that Britain ought to be granted full membership was the promotion of 'parallelism'; that is, the idea that British and French interests collided on a number of areas, not least on defence and possible collaboration of thermonuclear weapons, all of which in turn would help advance wider French foreign policy interests.[24]

The second such gathering of note was the WEU meeting on 4 July. Discussion over the general line of Labour's position took place the day earlier, the starting point for which was that the government accepted in their entirety the Treaty of Rome, the CAP and the Community's external tariff.[25] Not every Labour minister agreed. Jay and Commons leader Fred Peart wanted at least a decade-long transitional period before the provisions of CAP applied to Britain, while Jay also took umbrage at an external Community tariff if it meant imposing duties on Commonwealth foodstuffs and raw materials. But Wilson's claim that this would amount to Labour reneging on its acceptance of entry in principle, and Brown's assertion that as few conditions as possible ought to be raised if Britain hoped to join in the near future and shape the final system of CAP financing, held sway.[26] The foreign secretary was therefore able to travel to the WEU and claim without reservation that the handful of areas where compromise was sought – such as with New Zealand and Commonwealth sugar as outlined previously by Wilson in his 2 May Commons speech – were little more than a footnote in the application. These and other issues could instead be dealt with once Britain had entered. British entry would by implication not disturb the workings and stability of the Community. Nor would it mean substantially amending the EEC's agricultural system that countries such as France had fought tooth and nail to protect. In fact, far from being an awkward partner slowing the advance of Community regulations, Britain was keen to be involved in drafting a new agricultural finance system, due to be settled by the close of 1969, that would help the EEC thrive.[27] Little wonder that the Five greeted the statement as a milestone not only in British European policy but also in the development of a united Europe as a whole.[28]

The difficulty with both the Trianon meeting and that in the confines of the WEU, however, was that they each only confirmed quite how daunting a task overcoming French determination to prevent the opening of negotiations would be. It is true admittedly that Holland's talks with Joxe were highly revealing of how Labour's informal contact with

[24] Holland to Palliser, 7 June 1967, MS Wilson c.873, Wilson papers, Bodleian.
[25] CC(67)44th, 3 July 1967, CAB 128/42, TNA.
[26] CC(67)21st, 18 April 1967, CAB 128/42, TNA.
[27] For Brown's statement, Kitzinger, *The Second Try*, 189.
[28] Hague to FO, tel. no. 290, 4 July 1967, PREM 13/1483, TNA.

prominent socialist figures was integral to the broader, top-level, more traditional diplomatic meetings that took place in this period. But as significant was that the message relayed to Holland indicated just how much Wilson would need to do in order to convince the French president about the virtues of British membership. Both the Europeanisation of sterling and greater Anglo-French atomic and defence cooperation would represent a huge shift in Labour Party strategy and a dramatic change in a British foreign policy that had previously prioritised sterling's role as a global reserve currency and a close defence relationship with the USA. The degree of transformation necessary to appease the French president was indeed astounding.

Nor as the Trianon meeting between Wilson and de Gaulle got under way did it seem likely that this would be enough. After all, the French president restated almost verbatim what he had earlier said in his May press conference. Paris, so de Gaulle explained, was fearful of British membership being used by Washington to extend American influence in Europe. France therefore 'could not be completely certain that if Britain joined the Communities […] an Atlantic community would not one day emerge'. Wilson's rebuttal, that for Britain to be excluded would simply push it into American arms and weaken Europe in the process, held little sway.[29] Continued French resistance to the opening of negotiations was merely confirmed in the WEU. While each of the Five thus greeted Brown's speech with evident support, André Bettencourt, the French representative, questioned whether Britain was yet ready to join the Six as a full member.[30] By July, it was therefore obvious to Labour that France was determined to veto. The only question now was the timing and method by which de Gaulle would deliver his coup de grâce.[31]

Rescuing the SD application

The inevitability of a second French veto was viewed with some alarm by the SD leadership. Despite suspecting that de Gaulle would again hamper Britain's membership bid, what Krag and his team had not expected was that France would seemingly react to the Danish application in much the same way. Admittedly, the French president's reference to 'Atlantic powers' in his May press conference was widely held to have been directed more at Britain than Denmark. De Gaulle's decision not to distinguish between the

[29] Extract of conversation between Wilson and de Gaulle, 18 June 1967, PREM 13/1483, TNA; Christensen to Krag, 23 June 1967, box 98, Krag papers, ABA.

[30] Hague to FO, tel. no. 290, 4 July 1967, PREM 13/1483, TNA.

[31] Wilson to Chalfont, 19 July 1967, PREM 13/1484, TNA.

applicants, however, meant there was little certainty about quite how he saw Denmark's future relationship with the EEC.[32] Copenhagen, it seemed, was being tarred with the same brush as London.

Over the weeks that followed the status of the Danish bid grew still more ambiguous. Part of the difficulty encountered by the SD government, briefly referenced above, sprang from the decision by the Commission to focus on the British application in its forthcoming opinion rather than considering in any detail the submissions from Denmark, Ireland, Norway (whose application for full membership finally arrived in Brussels on 21 July) and Sweden (which sent a somewhat abstract note outlining its desire to join the EEC as an associate member five days later). This stood in major contradiction to the SD's desire to negotiate Community membership simultaneously with London. As in 1961, the SD's tactics in 1967 were to ensure that Britain's talks with the Six would not advance to a point where Britain joined as a full member, leaving Denmark, even temporarily, in a position in which both of its primary markets were behind the Community's tariff wall.[33] This goal seemed unlikely to be realised should the Commission's opinion give primacy to the British case.

A second difficulty faced by the SD, also mentioned earlier, related to Brown's 4 July speech. Unsurprisingly, given that Denmark was not a member of the WEU, the decision by Labour to use that organisation to press its case for entry did not go down well in Copenhagen. It was after all entirely possible that Labour might end up using the WEU as a venue in which to negotiate a deal something less than full membership, leaving the chance of Denmark securing full membership in tatters. Confining negotiations to the WEU would also lead to a situation in which Britain's application would become the central preoccupation of the Six at the obvious expense of the Danish bid, undermining SD policy of the two countries applying at the very least in concert with each other. Either way of looking at it, there was thus the strong possibility that the fate of Denmark's own bid would again rest on Britain's and that at nowhere in the process would the SD have the capacity to shape events.[34]

Both within the party and the SD government at large it was recognised that these developments left Denmark with perilously few options other than to take a more activist approach. This was done in rather dramatic fashion on 18 July when Dahlgaard delivered to the Commission a memorandum restating the case for Denmark's swift accession to the EEC. The six-page note did, understandably, raise some contentious areas that could well have

[32] Transcript of speech to AE, 29 May 1967, box 108, Krag papers, ABA.

[33] Den markedspolitiske situationen, 20 April 1967, box 98, Krag papers, ABA.

[34] Larsen to Krag, 4 July 1967, box 98, Krag papers, ABA.

undermined the Danish bid. On industry, Dahlgaard claimed there would need to be some type of transitional phase during which Danish industrial exporters could expect to retain special tariff concessions before the sector was made to confront the full force of competition from continental manufacturers. That the Danish agricultural sector would by comparison need direct access to CAP from day one of membership was a more complex request, since the Six – most notably France – would almost certainly insist on provisional controls on new members' food producers in order to defend their own farming interests. And a third area that could potentially thwart progress was the status of the Faroes Islands and Greenland, two self-governing islands under Danish jurisdiction that were probably to prove especially tricky issues since their fishing industry – by far the largest exports of both territories – would find adhesion to any Community-wide common fishery policy a difficult pill to swallow.[35]

Compared with Britain, however, and as was the case in 1961–63, the Danish case for entry was in reality very simple. In SD thinking it followed that Denmark could circumvent the lengthy negotiating process that would probably befall Britain by arranging Danish accession in a way not dependent on the success of the Labour government's own talks. To illustrate the point, the idea of differentiating between the British and Danish bid was articulated in a frank and forthright manner by Dahlgaard. What began with a curt overview of Danish acceptance of the Treaty of Rome stretching back to 1961 hence continued with a reminder that 'Denmark wants to take a full part in the work of the Community and to contribute to its further economic and political development' and, in a clear jab at Labour's increasingly moribund application, ended with the argument that 'Denmark can take her proper place in the Community without upsetting its internal balance and without disturbing its character'.[36] Dahlgaard did state that Denmark still hoped to join the EEC alongside Britain. But the point made very clearly was that two applications need not be inextricably bound up.

Early indications that this rather brash, more autonomous approach from the SD would actually pay off were in fact fairly good. Most favourable was news that the Commission, now headed by Belgian lawyer Jean Rey, would in fact review the applications from Denmark, Norway, Ireland and Sweden concurrently with the British bid.[37] Within the EEC's Council of Ministers, meanwhile, the Germans were similarly forthright in arguing that the other applications ought to be given a fair hearing regardless of the pace of Britain's

[35] Dahlgaard's statement in Brussels, 18 July 1967, box 98, Krag papers, ABA.

[36] Dahlgaard's statement in Brussels, 18 July 1967, box 98, Krag papers, ABA.

[37] Barlebo Larsen (Danish ambassador to the EEC) comment to Evans in Evans minute, 20 July 1967, FO 1108/24, TNA.

bid to join the Community.[38] But alongside Dahlgaard's efforts to distance Denmark's bid from that of Britain's and these encouraging indications that such a strategy was paying dividends, existed lingering doubts about quite how France would respond to Danish membership. There was, for example, no hint forthcoming from Paris that de Gaulle was about to offer Denmark isolated entry or association – a sign that de Gaulle's freedom of manoeuvre was more restricted now than in 1963. Nor did Dahlgaard's suggestions appear to find much favour with the French representative in Brussels.[39] Dahlgaard therefore came away from the meeting convinced that so long as de Gaulle remained in power there was no hope of either Denmark or Britain joining the EEC. And he was likewise convinced that this time there would be no offer of isolated Danish membership. France appeared too dogmatically opposed to enlargement, and French political capital seemed to have been too eagerly spent elsewhere, now to carve out an alternative route for Denmark. It was hence a pall of scepticism and gloom rather than hope and optimism that descended over the SD on Dahlgaard's return to Copenhagen.

A still more significant indication that the SD was prepared to undertake a new activist stance came against this backdrop. The real possibility of continued exclusion from the Six at least for the foreseeable future, together with the long-held belief that EFTA was not a viable fall-back, provoked a radical transformation in SD European thinking which first rejected relying on the British to set out a response to the expectant French veto and in turn sought to build on what political and economic links already existed between the Nordic states. The result – a Nordic economic community – was a policy that bore remarkable similarities to the arguments put forward by Krag earlier in November 1966 for a joint Scandinavian approach to the EEC.[40] The idea admittedly received short shrift when it was first mooted during an informal gathering of SD officials and Danish foreign ministry staff at Krag's rural retreat in the northern village of Skiveren on 13 July precisely because the earlier swift rejection by Norway and Sweden of a jointed, isolated Scandinavian bid to the Six was still fresh in everybody's mind.[41] Undeterred, however, the more substantial aspects of the proposal were then dealt with in a memorandum penned by Jens Christensen, the economic undersecretary in the Danish foreign ministry, four days later.

[38] Laursen, 'Denmark, Scandinavia and the second attempt', 428.

[39] Laursen, 'Denmark, Scandinavia and the second attempt', 424–28.

[40] See Chapter 4.

[41] Krag diary, entry 13 July 1967, ABA. The idea was discussed with Erling Dinesen, the labour minister, party secretary Niels Matthiasen, and Eiler Jensen, the chair of the Danish trade union confederation.

Traditional Nordic cooperation, Christensen reminded SD ministers, 'would probably not lead to anything other than years of discussion'. But 'a genuine commonwealth, something more like the EEC', with a customs union, external common tariff at a level similar to that of the Six, and cooperation in spheres as diverse as agriculture, energy, finance, fishing, social policy, education and research, would have economic and political value of its own. And perhaps more crucial, a Nordic union would provide Denmark the means of negotiating with the Six as a much stronger, more significant bloc should it wish to apply for Community membership in the future. Free from the shackles of the British, a tightly knit Nordic federation might hope to gain entry to the Six much faster than would a Denmark negotiating alone and dependent on the success of Britain's own negotiations to set the pace and progress of talks with the EEC.[42] Finding these arguments so persuasive, a further meeting of the SD at Skiveren on 18 July witnessed a dramatic change of heart, with agreement reached 'on the fundamental idea of a Nordic federation'. As Krag himself put it, it was now just a case of waiting for '"collapse" in Brussels'.[43]

A united front?

The radical nature of the SD's ideas was highly revealing of Danish dissatisfaction with Britain and the depth of the party's concern that Labour had been unable to help secure Danish interests in pursuit of its own quest for Community entry. British knowledge of plans for *la relance nordique* was admittedly not to arise until the early weeks of 1968. But this did not stop London from growing increasingly uneasy about the direction in which Danish European strategy might head already before de Gaulle confirmed his second *non*. British apprehension had, as we saw in Chapter 4, been apparent prior to the launch of the applications themselves when the SD had begun to talk in terms of isolated Danish entry to the Six. Concern would not peak, however, until Dahlgaard delivered his 18 July statement to the Commission. British attention centred first on trying to comprehend quite what the implications of Danish demands immediately to remove transitional controls for agricultural products would be for Britain's own negotiations with the EEC, since it was probably to have some bearing on Britain's adhesion to the CAP. Much more concerning was the prospect of tripartite negotiations, with the Community instigating talks with Copenhagen simultaneously or even before those with London. Writing to the Foreign Office shortly after Dahlgaard's statement, Con O'Neill, the official charged with negotiating

[42] Notat vedrørende traktat om Nordisk Forbund, 17 July 1967, box 98, Krag papers, ABA.
[43] Krag diary, entry 18 July 1967, ABA.

British EEC entry, was the first to recognise that there was a real danger of Britain's bid being complicated by having to compete for attention from the Six. At the very least it was felt that France might seek to exploit the situation by claiming that Denmark's negotiations with the EEC ought to proceed ahead of Britain's, delaying the Labour application still further. So concerned was Whitehall that the Six might heed Dahlgaard's clarion call to recognise the British and Danish bids as separate and unconnected, that O'Neill warned his colleagues to have a 'pretty careful and thorough look at the Danish statement' and urged the FO to 'write a considered minute on it'.[44]

O'Neill's warning brought about an immediate response in terms of pressuring Copenhagen. The Foreign Office, for instance, made a concerted effort well into the autumn of 1967 to inform Danish officials that Britain's own negotiations ought to take precedence over those with other applicants. Enlargement would only come through maintaining a united front, so the message went, and this in reality would mean the EEC commencing discussions with the British ahead of the other applicants, even if they did all end up acceding to the Treaty of Rome in chorus.[45]

Attempts to retain a united front would not reach a climax, however, until a meeting of the Socialist International's contact committee in London on 25 September. This get-together represented an opportunity for Labour to achieve three interrelated goals. The first was to inform other Western European socialist parties about the impending publication of the Commission's opinion, of which Labour's three representatives at the meeting – the Foreign Office minister Lord Chalfont, Labour overseas secretary, Gwyn Morgan, and Tim Ridoutt of the international department – had each seen an advance draft. On this aspect Chalfont and his Labour Party colleagues were justifiably delighted. The opinion, Chalfont explained, 'would not come down against [the] opening of negotiations'. And while the Six would ultimately be left to decide whether and when to open dialogue with the applicants, Rey would recommend that all those countries wishing to accede to the Six be welcomed with open arms. Chalfont was right not to understate the significance of Rey's commendation. After all, the Commission stating so plainly that it believed the EEC was best served by Britain being a member meant it would be rather more difficult for de Gaulle to claim, as he had in 1963, that a veto on British membership was in the interests of the whole Community. The new Commission president appeared set to disarm de Gaulle of one vital argument in his vetoing arsenal.[46]

[44] O'Neill to Hancock and Statham, 18 July 1967, FO 1108/24, TNA.

[45] Wilde to Majoribanks, 10 August 1967, and Wright to Hancock, 7 November 1967, both FO 1108/24, TNA.

[46] Ludlow, *The European Community*, 141–42; Geary, *Enlarging the European Union*, 79–85.

The Labour team fared less well with its second aim. Virtually every member of the contact committee recognised that, despite the line taken by Rey, the French were still keen to slow the British bid by preventing for as long as possible the actual opening of negotiations. Chalfont himself told the story of how, having met Couve de Murville a week earlier, Paris remained concerned that 'Britain is not yet European enough' and consequently that de Gaulle 'would do all in his power to secure a delay'. Against this background, Chalfont was quick to suggest that Europe's socialist parties could play an instrumental role by sustaining the momentum from the Commission's opinion and in turn helping start negotiations between London and the remaining EEC states. There were, Chalfont maintained, political and presentational advantages in Britain and the other applicants all refusing to acknowledge or accept a French veto as valid and instead negotiating entry with the Five and the Commission as the only 'legitimate', reasonable representatives of the EEC. Socialist parties from the Community member states would play a key part here by insisting that their own governments in effect ignore France's veto and plough on with negotiations regardless. Socialist parties from the applicant countries, meanwhile, could help by both pressuring the Five to open talks with London and announcing themselves that a de Gaulle *non* was an unlawful and unreasonable response to the membership bids.[47] Isolation was the surest way of securing French obedience.

Much to Chalfont's evident surprise, though, none of Labour's socialist counterparts was yet ready to be drawn into a British strategy that so obviously marginalised the French and seemed to threaten the stability of the EEC as a whole. Joop den Uyl, the leader of the PvdA, was first to pour scorn on the idea, remarking: 'I doubt whether the Five would be ready to take the risk of breaking the organisation'. Hans-Eberhard Dingels, the international secretary of the SPD, put it more pithily: 'we do not think that an action which would lead to a risk to the existence of the Community will find any substantial sponsor'. The socialist parties of the Six in other words reinforced rather than contradicted those arguments already being deployed by the governments of the Five themselves – notably that of the new German Christian Democrat-led coalition headed by Kurt Georg Kiesinger – that admitting Britain could not come at the expense of neighbourly relations with France, the advance of the Community into new areas of common policy or the solidity of the EEC more generally.[48]

If this conclusion was already bad enough for Labour, accentuating the party's problems further was the response to its third goal: keeping in check

[47] Notes of meeting of contact committee, London, 25 September 1967, box 591, SI, IISH.
[48] Ludlow, *The European Community*, 136–37.

the SD. Despite Labour protestations, SD representative Niels Matthiasen continued to imply that Denmark would seek to make an arrangement of some sort with the Six even if de Gaulle were to veto the British application. Matthiasen was coy as to the form this might take, but much to Labour's bewilderment he refused to rule out either an isolated Danish or a common Nordic approach to the Six. The outcome of the contact committee was thus a far cry from the united force that Chalfont had hoped to inspire. There was, it is true, no shortage of understanding and empathy for Britain's position. But the prized goal of uniting Europe's socialist parties against Gaullist France remained elusive. Rather than adopting a common socialist response to the challenge posed by France, what the parties did instead was to rescind very quickly into defending national and Community priorities. Labour would thus have to confront a French veto knowing that it was entirely possible neither the governments and socialist parties of the Five nor the SD government in Denmark would sacrifice their own domestic interests for the sake of Britain.[49]

Thankfully for the Labour leadership, it had a rather easier time of things when five days later the NEC met to agree a common position on the EEC ahead of the October autumn party conference. The emergent document, which signalled acceptance of the application as outlined by Wilson earlier in May but paid rather greater attention than had the prime minister to Gaitskell's five conditions, represented an important moment in Labour's relationship with the European question. With 16 of the party's national executive supporting the government and only three (unnamed) members opposed to the application, it signalled the degree to which the debate over membership had changed.[50] When the party had first sought to mount a coherent policy on Community entry in the opening months of 1961 it had been deeply torn to the point of outright division over how best to manage Britain's relationship with the continent. But so few substitutes to acceding to the Six now seemed to exist that many in the Labour executive – and the labour movement at large, which at conference supported the NEC statement by 4,147,000 votes to 2,032,000 – recognised Britain's economic and political future depended on entry. What had occurred in the last 18 months could not be put down to passion – Labour had not fallen in love with the EEC so much as it had calculated the risks of remaining outside the Six – but, as Chalfont pointed out at a pre-conference event, the party did now appreciate that the 'only alternative to Europe is Europe'.[51] When

[49] Notes of meeting of contact committee, London, 25 September 1967, box 591, SI, IISH.

[50] Minutes of meeting, NEC minutes, 30 September 1967, LHA. For the NEC document, LPAR 1967, 329–32.

[51] *The Times*, 27 September 1967.

by 4,559,000 votes to 529,000 conference rejected a motion accusing Wilson of following a European policy 'largely dictated to the government by the big capitalists whose interests will be served by a greatly enlarged market' and subsequently calling the government to rescind its bid for entry, Labour appeared more united than at any point since 1960.[52]

Towards the second veto

Unanimity was not a quality that defined the Community in the autumn of 1967. The Commission's opinion, completed on 27 September, confirmed many of Chalfont's earlier assumptions, with Brussels coming out strongly in favour of British membership. There were admittedly a number of areas that proved painful reading for Labour. On the economy more generally, and the status of sterling especially, the Commission expressed doubts about the implications of admitting the United Kingdom. On the whole, however, the governments in both London and Copenhagen could feel satisfied that the document made a fair and strong case for enlargement. Problems relating to British acceptance of the CAP were purposely minimised. There were no signs that Brussels believed the existing institutional structure of the EEC would be overloaded by the accession of new, and in Britain's case quite sizable, member states. Nor did the document express anything but praise for the opportunities afforded by British membership in relation to the Community's technological and scientific strategy of closing the gap between Europe, the USA and Japan. For Krag came the added benefit that Rey advocated opening membership negotiations with all applicants and not just Britain.[53] Labour and the SD were thus sure that whatever position France chose to take on enlargement there appeared to be widespread support from the rest of the Community for membership negotiations to open.

Despite being reluctant to push the French to the point of outright hostility, few could ignore that the Commission's opinion did highlight that there was a profound disagreement over enlargement between France on the one hand and both the Five and Commission on the other. For whereas the Commission's opinion on enlargement claimed indisputably that there was little sense in further delaying negotiations, Paris by contrast continued to resist opening talks with the applicants. At the end of October, Couve, for instance, used a Council of Ministers meeting to

[52] The Labour Committee for Europe argued support for the NEC statement 'removes the last major obstacle within the labour movement itself to our joining [the] EEC'. Minutes of 28th meeting of Labour Committee for Europe, 23 October 1967, box 629, SI, IISH.

[53] Kitzinger, *The Second Try*, 248–50.

restate French policy that Britain was not yet ready to join the Six, the French foreign minister justifying his comments by rehearsing some of the concerns raised by the Commission's judgement about the spectre of economic stagnation on the continent should Britain join the EEC.[54] These criticisms did not go completely unchallenged. During his annual Mansion House speech Callaghan confronted head-on concerns about sterling by stating that its global significance as a reserve currency was likely to lessen over time, and that the government would welcome talks with the Six about how to make the best of this for both Britain and the Community member states.[55] And at the Guildhall dinner three weeks later Wilson sought to challenge the idea that Britain's economy would be inimical to the Community by stating plainly that the chance of increased technological collaboration with British firms would only benefit the economies of the Six.[56] However, mounting economic problems connected to the still pressing balance of payments deficit – an issue exacerbated by the Six Day War of June and worsened further by the London and Liverpool dock strikes ongoing since mid-September, a dispute that affected nearly 16,000 men and brought the passage of goods through some of Britain's biggest sea ports to a virtual standstill – served only to strengthen the French case. Little wonder, then, that the British, Dutch and German governments all treated French admonitions about the risks of enlargement as a de facto veto.[57]

Arguments about the state of the British economy became all the easier to make thanks to the 18 November announcement by the Labour government that it intended to reduce the exchange value of sterling from £1 = $2.80 to £1 = $2.40. The same degree of caution the Labour leadership had shown in October 1964 towards devaluation as a policy response to Britain's balance of payments difficulties, and had exercised again during the sterling crisis of 1966, was undeniably evident in the decision in late 1967 to lower the rate. In reality, this meant that a host of possible alternatives to devaluation were first considered by the party leadership.[58] But so uneven was the balance of payments, so low was foreign confidence in sterling, and so feeble had previous attempts to correct the underlying weaknesses of the British economy proven to be, that something far more drastic clearly needed to be

[54] Record of meeting between Wilson and Kiesinger, 24 October 1967, PREM 13/1527, TNA.

[55] Draft of Mansion House speech, 26 October 1967, FCO 30/112, TNA.

[56] *The Times*, 14 November 1967.

[57] CC(67)58th, 11 October 1967, CAB 128/42, TNA; Ludlow, *The European Community*, 142–43.

[58] On the alternatives, Alec Cairncross and Barry Eichengreen, *Sterling in Decline: The Devaluations of 1931, 1949 and 1967* (Basingstoke: Palgrave Macmillan, 2003), 213.

done. In the absence of viable alternatives, Wilson and Callaghan recognised that devaluation was the only real option.[59]

For the SD, devaluation was a double-edged sword.[60] The decision to lower the value of sterling by 14.3 per cent was, it is true, welcomed by Krag as removing a major obstacle to British Community membership. After all, de Gaulle had always made much of the balance of payments to rationalise his concerns about Britain's broader economic deficiencies and the potentially damaging effect enlargement would have on the Six. Devaluation of sterling would, however, soon filter through and probably change a deficit in the current account to a surplus, thereby undermining one of the French president's principal arguments against enlargement.[61] The knock-on effect of British devaluation, moreover, was to force the SD government to lower its own rate by 7.9 per cent as a way of keeping Denmark's exports to Britain competitive and encouraging the upward growth of Danish exports more generally – all repercussions welcomed as positive news for the economy.[62]

The political implications of the decision were rather less encouraging. With the risk of deflation high, devaluation would have to be accompanied by austerity measures, including possible cuts to public sector wages. And yet as a minority government the SD would be forced to rely on the Socialist People's party to push through the measures – no easy task considering that the anti-Community SF were unlikely to support any strategy that made entry to the Six more likely. Nor would the right-wing opposition miss the opportunity to force an election on the issue should the SD fail to secure the necessary parliamentary support. It was in other words entirely possible that devaluation would bring down the SD government. Krag's only hope was that the twin devaluations would do just about enough to convince de Gaulle that the Labour and SD governments were serious about restructuring their economies and minimising the potential negative economic effect of enlargement on the existing Community members. It was consequently a rather apprehensive Danish prime minister who placed a great deal of faith in Wilson's missive sent to Copenhagen on 18 November, which acknowledged the enormity of the devaluation decision

[59] CC(67)66th, 16 November 1967, CAB 128/42, TNA. On the devaluation, see among others, Scott Newton, 'The sterling devaluation of 1967, the international economy and post-war social democracy', *English Historical Review*, 125, 515 (2010), 912–45.

[60] Skitse til samlet plan, 19 November 1967, box 94, Krag papers, ABA.

[61] Udkast ved. markedspolitik og den britiske devaluerings forhold hertil til brug for statsministeren, 22 November 1967, box 100, Krag papers, ABA.

[62] Untitled note on devaluation, 18 November 1967, box 94, Krag papers, ABA. See also Oplæg til statsminister Krag's redegørelse i folketinget, 20 November 1967, box 94, Krag papers, ABA.

but consoled that the policy 'makes an even more positive contribution to our European efforts'.[63]

Quite how wrong Wilson was became apparent on 27 November. That the French president had already well before his press conference outlined his concerns about British membership suggests that devaluation had little to do with the decision to bar enlargement. What devaluation did do was furnish de Gaulle with further evidence to support his pre-existing doubts about British entry. It was thus left to an almost altruistic de Gaulle to claim that enlargement of the Community to include the UK would be inimical to both applicant and existing members alike. It and the other applicants should therefore look towards some form of association or another type of arrangement to promote trade with the Six.[64] The British and Danish applications for EEC membership had seemingly ended in failure.

Responding to the veto

On the surface, at least, neither Labour nor the SD was willing to accept this state of affairs. Wilson's first public comments came the very next day when he used an emergency parliamentary debate to attack de Gaulle's 'misstatements', the prime minister making clear to the Commons that Labour had applied 'to the Six as a whole' and would therefore not accept a unilateral rebuff. The Labour leader was equally keen to reinforce domestic support for entry, telling MPs that their backing of membership had not been a 'short-run decision' before dismissing 'vague suggestions about association' as a viable alternative to full membership.[65] Krag's response to de Gaulle's press conference was rather more prosaic, the SD chair calling the president's remarks 'obviously disappointing'. But he too claimed that the Danish government would press on regardless of France's attempt to end the enlargement negotiations before they had even begun. Like Labour, full EEC membership would therefore remain the SD's primary goal until all Six Community member states indicated that they opposed such a move. As with the British application, the Danish bid would in the meantime therefore remain on the table.[66] There was hence

[63] Wilson to Krag, 18 November 1967, box 94, Krag papers, ABA. On this point, see also Brown to Wilson, 24 November 1967, PREM 13/1487, TNA.

[64] On the press conference, see Kitzinger, *The Second Try*, 311–17. See also *The Times*, 4 December 1968.

[65] *Hansard*, HC Deb, 28 November 1967, vol. 755, cols. 234–42. On association, Transcript of speech at parliamentary press gallery lunch, 29 November 1967, MS Wilson c.1144, Wilson papers, Bodleian. For the discussion with Brown prior the announcement, Palliser to Maitland, 27 November 1967, PREM 13/1464, TNA.

[66] Statsminister Krag's tale ved årsfesten i folktetingets pressloge, 1 December 1967, box 100, Krag papers, ABA.

a very clear sense of irritation with de Gaulle's press conference but a correspondingly strong determination to keep the applications alive at least for the time being. A get-together of the Six in the confines of a European Council meeting on 19 December, where the status of the applications was due to be discussed, would in this sense prove crucial.

A quick succession of meetings in the weeks prior to the Six's meeting, however, fleshed out a somewhat more diffuse response to de Gaulle's press conference. An animated debate within the cabinet during the last week of November was the clearest symbol yet of Labour discordance on the subject. There was admittedly general agreement among ministers that the government could not afford to ignore the French president's statement or let uncertainty reign over the application. To do otherwise might variously lend legitimacy to de Gaulle's position, embolden those within the Five who privately agreed with Paris, and provide the room for domestic opponents of full entry to advocate numerous alternatives to EEC accession like associate membership. Brown therefore championed a policy that would see Labour urge the Five to coerce de Gaulle into setting a date for the opening of negotiations. Opposed to this argument, however, was Anthony Crosland, now president of the Board of Trade, who recommended that the government accept the French president's statement as a veto since it was unlikely the Five would risk a breach with Paris for the sake of British accession. Healey, for his part, only supported Brown's approach since he too thought it would backfire, thereby confirming Britain's exclusion and thus allowing efforts to be focused on building NAFTA and EFTA/EEC bridge-building. While Brown's policy may well have won the day, it was therefore clear that a whole-hearted endorsement of Britain's future being part of the EEC was lacking.[67]

Many of these same arguments were repeated at a gathering of the PLP later on 6 December. A solid proportion of the parliamentary party admittedly supported Brown's assertion that the government ought to keep the application on the table and work with the Five to coerce the French into submission. As many MPs, however, made clear their wish to see Labour pursue alternatives to EEC membership, several complaining of 'frustration and humiliation in the country over the way in which our application had been treated'. Instead of urging the Five to press de Gaulle on membership hence came calls for the party to 'face the realities of the situation' and concentrate instead on substitutes such as 'EFTA, the Commonwealth and other associations' and even, as one parliamentarian suggested, a policy 'on the lines of the free trade area negotiations suggested by Mr Maudling' – a

[67] C(67)187, 28 November 1967, CAB 129/134, TNA; CC(67)69th, 30 November 1967, CAB 128/42, TNA. See also Pine, *Harold Wilson*, 31–33; Parr, *Britain's Policy*, 175.

nod to resuscitating the FTA.[68] At the level of both the cabinet and the PLP there was thus not only a clear difference of opinion about whether Britain should incite the Five to help make de Gaulle give way, but also a remarkable degree of scepticism about whether the government ought even to persist with the application itself. Faced with the reality of the veto and free of the constraints placed on them by adhering to an official policy that was now effectively in ruins, several Labour ministers and parliamentarians evidently felt able to criticise the membership application in a way they had previously felt unwilling or unable to do. The harmony that just a matter of weeks earlier reigned over the party seemed to have all but disappeared.

The SD leadership was not having a much better time of things in late 1967. A particular headache for Krag and his team was the very obvious increase of opposition MPs in the Folketing arguing that Denmark should abandon the nexus with the British and negotiate entry on its own, as a session on 28 November most obviously showed.[69] A similar approach had of course been adopted by the SD elite when earlier in July Dahlgaard visited Brussels to urge the Six, and primarily France, to differentiate between Britain's bid and that of Denmark. And the idea of Nordic economic union – a plan not yet publicised – itself implied distancing Denmark's European policy from the British. But to redouble efforts to pursue either avenue so soon after de Gaulle had confirmed his intentions and before the Six themselves had met to discuss the fallout of the veto would probably prove catastrophic for the SD. For any sign that Denmark was unwilling to retain a united front vis-à-vis the French might easily be interpreted as siding with the Élysée Palace, risking the political ire of the Labour leadership and the Five more broadly as well as opening Danish agricultural exports to economic retaliation by Britain.

All this meant that in the closing weeks of 1967 Krag and his team were severely constrained in their handling of the French *non*. And this fact in turn merely amplified criticisms of the SD's mishandling of the Danish bid. Such a chorus reached fever pitch on 13 December, when agricultural lobbyist Anders Andersen confirmed that the entire food industry in Denmark would collapse unless a radical change in SD policy on Europe was forthcoming. So intense was the pressure that Krag's administration, in the form of the new SD foreign minister Hans Tabor, does seem to have investigated whether Denmark could join the EEC without Britain, only to be told by Couve that France was unwilling to further weaken its relations with the Five by offering Denmark sole membership of the Community.[70] Taken together,

[68] Minutes of meeting, 6 December 1966, PLP minutes, 1966–67, LHA.

[69] Folketingets forhandlinger, 1966–67, cols. 1709, 28 November 1967.

[70] Laursen, 'Denmark, Scandinavia and the second attempt', 431.

these various developments confirmed that the line long pursued by the SD – that Denmark should only join the Six together with Britain – was unlikely to hold for much longer. They also underlined to Krag the importance of Nordic cooperation as a possible vehicle to achieve EEC membership. But if the SD leadership itself recognised as much, circumstances precluded doing anything to help change the situation for the time being.

The parties meet

Amid such developments, a meeting of socialist party leaders in Chequers on 9 December was a timely episode for the SD and Labour. In the case of the former it was a chance directly to press the Labour leadership on agricultural exports and in particular to ask British ministers about possible increases in the price and amount of butter imported by Britain, a measure seen by the SD as a temporary analgesic for the agricultural community's ever worsening headache. For the latter meanwhile came the opportunity to encourage socialist parties to demonstrate their support for Labour by ensuring the Five would not allow France to draw a line under the applications. Efforts, naturally, centred on Willy Brandt, the SPD leader and German vice-chancellor in Kiesinger's government, who in his dual role as German foreign minister would be crucial in pressuring the French to open enlargement negotiations. But the meeting of socialist leaders also represented an opportunity for Labour to alert the SD to the dangers of following 'side roads' that could detract from British accession to the Community, including a possible isolated EEC bid by Denmark. Alongside appeals for the Five to pressure the French and somehow transcend a de Gaulle veto thus emerged a very obvious concern on the part of Labour that the SD might be tempted to break from the united front against Gaullist France. Nothing suggests that Labour yet knew of SD plans to pursue a Nordic economic community. There was nonetheless a palpable sense of trepidation on Labour's part that the Danish would take seriously the chance of lone admission to the Six as had been seen in the days after the first veto of January 1963.[71]

To the degree that these goals were met, the gathering of Western Europe's socialist leaders could be considered a far more amicable affair than the meeting chaired by Chalfont just three months earlier. The most significant progress made as far as the SD was concerned was Brown's avowal, going further than the prior line agreed by the Foreign Office, that Britain would be prepared to look again at the price paid for certain Danish exports such as

[71] Briefing note: Socialist International, Chequers, party leaders conference, 9 December 1967, MS Eng. c.5019, Brown papers, Bodleian.

butter. Labour, meanwhile, was itself pleased with the unanimous backing shown by the party leaders for the opening of British accession talks. The party could hence feel confident that France would emerge isolated as the lone opponent of EEC enlargement. The frank exchange of views thus furnished both Labour and the SD with an opportunity to meet vital policy goals relating to the European integration process.

Where results were more mixed was the altogether more crucial question of how far Brandt was willing to stand up to the French. Good news came when the SPD leader made perfectly clear that Germany considered a second veto deplorable. Bonn, Brandt confirmed, did not side with de Gaulle when it came to the issue of Britain's economic problems; on the contrary, sterling balances were likely to recover now the Labour government had devalued. Fears about the fragility of Britain's economic recovery, so Brandt would argue at the Community's forthcoming Council, were thus not acceptable reasons to justify delaying the start of negotiations. Germany would consequently appeal for enlargement negotiations to open immediately and demand a definitive answer be given about whether the French accepted the membership bids. Brandt, however, refused to yield to Labour pressure for the Five to take a majority vote in the Council as a way of surmounting Paris and opening negotiating regardless of the French position. The SPD leader was in fact sure that while flexibility was needed from the French, so too was it a characteristic that Labour ought to adopt. In practice, this saw Brandt encouraging Wilson and Brown to pursue 'practical' steps that would 'integrate Britain in the process' of EEC decision-making without necessarily first joining as a full member – a coded way of asking the Labour leadership to reconsider its opposition to associate membership. While the gathering of socialist leaders thus helped both Labour and the SD with a number of practical matters that arose in light of de Gaulle's November press conference, Wilson and Brown were rather put out by the caution with which Brandt intended to approach the veto. His coolness implied indeed that while Germany would chastise Paris and strongly criticise de Gaulle, it would seek ultimately to reach a compromise that neither Wilson nor Brown desired. The benefits as well as the limitations of cross-border party contact had been rather dramatically highlighted.[72]

The EEC's debate on 19 December confirmed much of what Brandt had said at Chequers. Certainly a very obvious division existed between the French and the Five when it came to enlargement. Brandt left no doubt that de Gaulle had been unreasonable to act in the way he did. The German vice-chancellor similarly made it clear that Britain would of course have to

[72] Krag's notes of party leaders' conference at Chequers, 9 December 1967, box 144, Krag papers, ABA.

accept the CAP but that compromise in areas such as New Zealand dairy would probably be found. Negotiations, were they to open, would therefore more likely than not succeed. And the final communiqué also made it clear that only Paris opposed enlargement, accentuating further the division that existed between France and its Community partners. But the first half of the conference at least was remarkable for the sanguine, even emollient temperament adopted by those present and the evident willingness on the part of all six member states to stop disagreement over enlargement degenerating into a full-blown crisis of proportions similar to 1965–66. There was, for instance, common agreement that Britain's economy needed time to recover, although admittedly different emphasis was placed on whether this was a necessary precondition to Britain joining. And the Six all likewise agreed that the day-to-day business of the Community and future internal development of the EEC should continue unabated despite the actions of France. It was only with the intervention of Rey, who expressed more vividly than the representatives of any of the individual member states the depth of anger at France's actions, that the Community seemed to be facing a potentially irremediable rift.[73]

But while this led the way in the latter part of the meeting for the Dutch, Belgians and Italians to castigate the French, Germany – the only country really able to stand up to France – while clearly still supportive of the British application, was careful not to alienate Paris. In the coming year the Community would thus once again face an intense and potentially intractable row over enlargement but would do so with the Germans balancing their support for enlargement with the sensitivities of the Élysée Palace. The net effect of this was that rows over expanding the EEC would encumber the Community for much of 1968 and into the first part of 1969, but also that France would rarely feel compelled to give much ground on the British question. Such a breakdown all but guaranteed that the British and Danish paths to Brussels would remain barred for the time being.

The disputed Labour approach to the veto

Officially, at least, the Six's meeting on 19 December did nothing to draw a line under the Labour bid. Just 24 hours later Brown announced to the Commons that Labour 'continues to believe that the long-term interests of this country and of Europe require that we should become a member of the European Communities'. The government was therefore keen to hold firm and maintain its bid to join the Six as a full member, seeking the assistance of the Five to isolate France and pressure Paris into starting

[73] Brussels to FO, tel. no. 89, 19 December 1967, PREM 13/1488, TNA.

actual membership negotiations.[74] That same day the cabinet concurred, accepting the need to 'strengthen the determination and the position of the Five' vis-à-vis the Élysée Palace.[75] The hope seemed to be that the Five would somehow link with Britain and coordinate themselves in such a way that would force French acquiescence through sheer vociferousness.

Alternatives were open to Labour. The party could well have followed the example set by the Macmillan government in 1963 and forgotten about membership entirely, focusing instead on strengthening EFTA, cementing links with the Commonwealth or creating a trade area together with the USA. So too could Labour have opted to negotiate some form of associate membership with the Six.[76] That the cabinet chose to retain the British bid for full entry was, however, testament to quite how unsatisfactory were the various substitutes. Politically, Britain needed the Community if it hoped to sustain its global influence. The economic problems of the last 18 months, meanwhile, had merely confirmed the need for Britain to join the large and dynamic market offered by the Six.[77] 'Humiliation' and 'frustration' were probably again to be terms bandied about by the PLP and wider labour movement, but in the absence of alternatives Labour ministers appeared to appreciate that these were feelings the government would have to endure.

Further meetings of the cabinet throughout 1968 suggest, however, that not every minister was entirely comfortable with attempts to harness the power of the Five and isolate the French. A meeting on 18 January did undeniably see almost all Labour ministers accept that the launching of the application had been the right thing to do. And an equal number expressed their disappointment with the decision by France to repeat its veto. But there also now existed a small group who had clear misgivings about the direction of Labour diplomacy. One not unreasonable argument was that a policy centred on uniting with the Five vis-à-vis France might in turn provoke the break up the Community. Another theme raised, again not entirely unjustified, was that joining the Six for the moment at least seemed a lost cause since France under de Gaulle appeared dead set against British membership and the Five seemed powerless – or, worse, unwilling – to

[74] *Hansard*, HC Deb, 20 December 1967, vol. 756, cols. 1267–76. Brown spoke of a possible 'political union between the Five, Britain and the other applicants for membership'.

[75] CC(67)73rd, 20 December 1967, CAB 128/42, TNA.

[76] TUC: Britain and the EEC, 13 December 1967, Econ.Ctee. 6/4, MSS 292B/564.7/9, MRC.

[77] The consequences of the UK exclusion from the EEC, 21 December 1967, CAB 134/2882, TNA; Steering committee memorandum, SC(68)3, 29 January 1968, FCO 49/13, TNA.

help.[78] With pitfalls such as these, surely some other way of joining the Community ought to be found?

None of these points, admittedly, was partisan or necessarily out of step with a policy of joining the EEC. But more startling were those ministers who suggested more than once that Labour ought to disregard Community membership altogether. There was, for instance, a diatribe against concentrating so firmly on relations with the EEC at the expense of Britain's dealings with other EFTA states. And this at times stretched as far as attacking the party leadership for taking the government's eye off the ball with regard to the USA and the Commonwealth, a matter of particular concern to some since the pending withdrawal of Britain's military assets in south-east Asia was seen as likely to weaken the UK's relations with Washington and Commonwealth capitals.[79] None of this is to argue that the Labour cabinet was about to reject entry in the long run. But nor was it a clear endorsement of membership or a display of enthusiasm for the application that just eight months earlier the same group of people had supported.

It was probably this less than complete support for the Community that gave rise to Wilson's promise of a 'comprehensive review' of Labour external policy.[80] The result of this reappraisal, with its various arguments in favour of British EEC membership and claims about the lack of viable alternatives, was hardly a surprise.[81] Wilson, Brown, first secretary Michael Stewart and the new chancellor, Roy Jenkins, were all advocates of entry; no review undertaken by the party leadership was hence ever going to argue against joining the Community. But the vehemence of the review's conclusions did nothing to encourage any greater understanding or openness on the part of those in the cabinet increasingly doubtful about EEC entry. Responding to the review, Healey, for example, questioned the degree to which Labour foreign policy ought to be 'Europe-based'. Contradicting Brown's claims that EEC membership remained the only viable forum for British foreign policy priorities, the defence secretary reminded colleagues that Community membership was just 'one means' of extending Britain's global influence before restating his belief that NAFTA was at least as good an alternative to the EEC. And in the following months a handful of other ministers also came forward to argue that Community entry 'was not necessarily the best option open to us'.[82] Although, strictly speaking, the number of such

[78] CC(68)9th 18 January 1968, CAB 128/43, TNA.

[79] See Tony Benn, *Office without Power: Diaries 1968–72* (London: Hutchinson, 1988), entry 18 January 1968, 20.

[80] CC(68)9th, 18 January 1968, CAB 128/43, TNA.

[81] See C(68)42nd, 23 February 1968, CAB 128/136, TNA.

[82] CC(68)15th, 27 February 1968, CAB 128/43, TNA.

advocates remained marginal – Castle later complained about how few people were prepared to speak out against membership[83] – the seeds of a revolt had incontestably been planted.

Why, then, despite all this and especially compared with the years that were to follow, did 1968 prove so uneventful in terms of the debate over EEC membership within the party at large? In trying to account for the less than widespread discontent within Labour's ranks, it is tempting of course to try and identify political battles and games of brinkmanship that explain the silence of would-be opponents. But there is in reality two more mundane reasons why Labour European policy was not more animated in this period. One is that the whole question of European integration was overshadowed by other foreign policy concerns, in particular the Soviet invasion of Czechoslovakia in August 1968 and the ongoing war in Vietnam.[84] At moments where divisions could well have been brought out into the open – for instance, as part of a Labour group based in Downing Street designed to steer future policy on European integration – the NEC instead decided that the EEC was not for the time being a priority and that its attention was best directed elsewhere.[85] And where decisions were taken – not least that in October 1968 to join Jean Monnet's Action Committee for the United States of Europe, a powerful pressure group that promoted European economic, political and technological cooperation – the general lack of interest shielded the party from any great controversy.[86]

The other, more fundamental, reason why so much of 1968 was fairly uneventful for Labour European policymaking is the splintered nature of the anti-European faction and the sheer diversity of alternatives anti-marketeers pursued. While, for instance, Healey advocated NAFTA and bridge-building as the principle alternatives to joining the Six, Crossman favoured going it alone and Douglas Jay much preferred an FTA-type solution that included the Commonwealth.[87] This of course demonstrated that resistance to the idea of pushing the Five and maintaining the application for full EEC membership did clearly exist. But such fractured opposition also provided for an incoherent response to official party policy and the lack of any obvious figurehead around whom Eurosceptics could congregate and mount an

[83] Castle, *The Castle Diaries*, entry 27 February 1968, 382.

[84] As evidenced by the mound of resolutions sent to Transport House by various constituency Labour parties. See, for instance, Resolutions from constituency Labour parties and trade unions, 7 November 1968, NEC minutes, 27 November 1968, LHA.

[85] Minutes of overseas sub-committee meeting, 7 May 1968, NEC minutes, 22 May 1968, LHA.

[86] Note by Morgan, Action Committee for the United States of Europe, September 1968, NEC minutes, 27 September 1968, LHA.

[87] See, for instance, discussions in CC(68)15th, 27 February 1968, CAB 128/43, TNA.

effective challenge to Wilson. The result was that there was no outward sign of division but rather a sort of banal compromise in which ministers either accepted the notion of collective responsibility and held the party line – that of joining the Community, working with the Five and applying pressure to the French – or ignored the European question altogether.[88] This fragile truce would hold for much of the next 18 months.[89]

But nor did this mean that those in Labour still supportive of entry were united around a policy that variously maintained the application and sought to pressure France over its ongoing opposition to enlargement.[90] Wilson's own stance in the early post-veto months in particular complicated relations between those on the pro-Community side of the party. The prime minister, to be clear, had no wish to see a situation in which British attention would be diverted from joining the Six. But he did recognise the benefits, to paraphrase Tony Benn, of pausing and reflecting on Labour European policy.[91] To a large extent this was due to a strategic belief that slackening pressure on the French via the Five might bring benefits in the medium term. Having discussed the point with Wilson, Lord Chalfont, for instance, soon told Brown that Labour should 'refrain from positive European initiatives for a while, concentrating upon solving our own economic problems, and preparing for the day when the political situation in Europe will permit another attempt to open negotiations'.[92] If the veto was the cloud, the opportunity to relaunch an application from a position of strength was consequently considered one of the few silver linings.

Over the weeks that followed the response to this strategy was mixed. Perhaps unsurprisingly, a handful of MPs allied to the Labour Committee for Europe were supportive of the idea. Its meeting on 14 March indeed recognised that the Five would probably find it impossible effectively to oppose de Gaulle; waiting for the economy to strengthen was thus a sensible move, although where the LCE diverged from the party leader was in its belief that association ought to be given a second look.[93] Brown by contrast relished the plan rather less.[94] And this opened a chasm between a prime

[88] On the various divisions in the party, see Uwe W. Kitzinger, *Diplomacy and Persuasion: How Britain Joined the Common Market* (London: Thames and Hudson, 1973), 302.

[89] For debate within the Foreign Office throughout the remainder of 1968, Furby, 'The revival and success', chap. 1.

[90] Pine, *Harold Wilson*, chaps 3–4 go into some detail about the various facets of government policy during the course of 1968.

[91] Benn, *Office without Power*, entry 18 January 1968, 20.

[92] Chalfont to Brown, 17 January 1968, PREM 13/2110.

[93] Britain and Europe: The middle way, report delivered at LCE meeting, 14 March 1968, box 637, SI, IISH.

[94] Pine, *Harold Wilson*, 63.

minister who only showed interest in those plans that had support from the Six as a whole and were tied explicitly to full British membership, and a foreign secretary who instead saw short-term initiatives promoted by the Five as staging posts on the road towards Community entry. Compared to Brown, this meant Wilson was much less willing to support a proposal by the Benelux states, announced at the end of January, for 'interim arrangements' designed to ensure the Six and the applicants remained on talking terms.[95] Nor unlike Brown was Wilson especially encouraged by German-centred plans which emerged later in February for a trade deal between the Community member states and those countries in EFTA wishing to take part.[96] Not for the first time Brown and Wilson appeared to be singing from two rather different hymn sheets.

Disagreements of this sort were always going to have consequences. Jenkins saw it as an opportunity to unseat Wilson and even sounded out colleagues about a possible leadership challenge, only for Brown to apply the brakes after complaining that displacing Wilson would do little to help Britain join the EEC.[97] When later in March Brown himself resigned – ostensibly because he was not consulted on an emergency bank holiday designed to deal with the developing gold crisis – the now former foreign secretary also used his resignation letter to express his frustration that Wilson had shown little appetite to use various short-term initiatives to negotiate a broader settlement with the Community.[98] By the spring of 1968, therefore, once the veto had finally sunk in, even those on the positive side of the European debate seemed unable to agree about the intricacies of a membership bid that they had supported just months earlier.

The benefits of a Nordic detour

The SD response to the November veto, in almost total contrast to Labour, did not rely on either harnessing the power of the Five or cornering the French. Like Labour, the SD leadership did choose formally to maintain the application in the hope that France would relent and Britain, Denmark and the other Scandinavians would each join the Community.[99] Also like

[95] LPAR 1969, 90; C(68)42nd, 23 February 1968, CAB 129/136, TNA. On Wilson's hesitation, Note of meeting with Wilson, file 14/11, 28 February 1968, Hetherington papers, BLPES.

[96] On interim arrangements, Pine, *Harold Wilson*, chaps 3–4.

[97] Note by Brown, 25 January 1968, MS Eng. c.5023, Browns papers, Bodleian.

[98] Wilson to Brown, 15 March 1968, MS Eng. c.5023, Brown papers, Bodleian.

[99] Statsminister Krag's tale ved årsfesten i folktetingets pressloge, 1 December 1967, box 100, and Folketingsmad Jens Otto Krags ordførertale i Folketinget ved åbningsdebatten, 3 October 1968, both Krag papers, ABA.

Labour there were a host of short-term strategies that the SD leadership could well have pursued. Isolated full or associate EEC membership was one option, the geographic expansion of EFTA to include the USA, or a strengthening of cooperation among EFTA's existing membership, were also viewed by some as potential solutions. But almost as soon as each of these was discussed, they were dismissed as ineffective or unrealistic.[100] That just three days after the Six's meeting Krag chose to sanction the creation of a Nordic economic community between four of the five Nordic countries – Iceland opted not to take part – was therefore an admission that maintaining the application was not a feasible mechanism by itself and that, with the veto having been confirmed and the Five showing little sign of being able to change de Gaulle's mind, now was an opportune moment finally to pursue another path to Brussels independent of Britain.[101]

It helped of course that a Nordic-based solution would serve several additional domestic purposes. For one, it would play well with the broadly anti-European SD rank and file and wider trade union movement, a not insignificant point given that an election was due to take place on 23 January 1968 – itself caused by the end of the SF-linked 'red cabinet' and subsequent failure of the minority SD government to pass economic reforms related to the decision to devalue krone. That the idea of a Nordic community seemed a logical extension of the idea of a Scandinavian bid for entry Krag had aired in late 1966, moreover, doubtless made it a far easier sell to officials and those Europhiles in the SD who only days earlier were still calling for Denmark to accede to the EEC. Put another way, both pro- and anti-Community supporters would find reason to support a Nordic union. What was more, a Nordic community of some sort would have the added benefit of splitting the centre-right caucus in Denmark and thus dividing the main bloc of opposition to the SD, since the Agrarian Liberals would almost certainly oppose the idea but the Conservatives would probably be more open to the idea of closer Nordic cooperation. Against this background it became that much easier to adopt the creation of a Nordic economic community as the centrepiece of SD foreign economic policy.

The real prize, however, was the likely impact a new Nordic bloc would have on the European level. The SD leadership had long believed that de Gaulle was likely to remain in power until at least the early 1970s, and that enlargement of the Community would only come once the president had

[100] Et dansk markedsinitiativ på nordisk grundlag, 22 December 1967, box 98, Krag papers, ABA; Notat fra Markedssekretariatet, 30 December 1967, 73.c.100.b., pk. 1, Ministry of Foreign Affairs files, Staten Arkiv, Copenhagen.

[101] Et dansk markedsinitiativ på nordisk grundlag, 22 December 1967, box 98, Krag papers, ABA.

departed the Élysée Palace. A substantial programme of cooperation among the Nordic states, with a strong commercial core and harmonised positions on an array of issues including agricultural trade, was thus a practical way of helping bolster the Danish economy while waiting for EEC membership once again to make its way onto the political agenda. And when that time did come, a unified Nordic region might reasonably help with the negotiations for Community entry, since a Nordic community approaching the Six en masse was likely to attract more attention, and still more concessions, than were Denmark to apply to join the EEC alone. In the absence of alternatives, the Nordic option – publicly announced by Krag during the January 1968 election campaign – was a shrewd short- and long-term move for Krag to make.

With such conclusions was implied that a Nordic option was not a surrogate for joining the Six but rather a way of helping facilitate EEC membership in the future.[102] This remained true even after the SD lost the general election and the plan for a Nordic economic community – widely referred to as Nordek – was taken up by Krag's successor as prime minister, leader of the Social Liberals Hilmar Baunsgaard.[103] But this did not mean that every one of Krag's colleagues was necessarily supportive of a policy that saw the party move from its overt backing of EEC membership to one of the most ardent proponents of Nordek. As with Labour, the post-veto months in fact brought out into the open a number of divisions within the SD. Both Per Hækkerup, long displaced as the SD foreign minister but who remained prominent in the party as chair of the SD parliamentary group, and Hans Tabor expressed alarm at the decision to back the creation of a new Nordic bloc. There was, for instance, concern that the party's public support for Nordek might undermine the rank and file's backing for entry to the EEC in the long term, weakening Danish chances of eventually joining the Community.[104] So too did both men express unease that the Social Liberal-led government might take all the credit for a proposal announced originally by the SD, something that could reasonably impact on the party's electoral fortunes for years to come.[105] Support for Nordek in other words held the potential not only severely to tax the unity of the SD leadership while in opposition but also to cause problems in the future should Krag find himself back in office and trying to get Denmark into the EEC.

[102] On SD policy and Nordek, Engberg, *I minefeltet*, 90–98.

[103] Folketingets forhandlinger, cols. 2929–38, 15 May 1968; Folketingsmand Jens Otto Krags ordførertale i Folketinget ved åbningsdebatten, 3 October 1968, box 114, Krag papers, ABA.

[104] Christensen, 'Danmark, Norden og EF', 139.

[105] Rasmussen, 'Joining the European Communities', 163.

Whatever the potential problems, Krag remained a determined supporter of the Nordek proposal. He would do so with vehemence throughout the rest of 1968, buoyed by the fact that the avowedly Europhile Dahlgaard had earlier been displaced as the SD's European affairs representative by Ivar Nørgaard, a sceptic of the EEC and someone in turn far more amenable to the idea of Nordic cooperation. The SD leadership was thus among the most passionate proponents of Nordek when in April Nordic prime ministers sanctioned a group of government experts to investigate the anticipated economic advantages of Nordic collaboration and pinpoint areas ripe for integration.[106] At a more fundamental level, however, the decision by the SD leadership so clearly to support a Nordic proposal did bring out into the open quite how disparate was the approach now being taken by Labour and the SD. The irreconcilability of these distinct tactics, and the implications for both the parties' European policies and the relationship between them, are the subjects of the next and final chapter.

[106] Forretningsudvalgsmøde, 10 June 1969, box 110, AE, ABA.

6

The Road to Enlargement: January 1969–October 1972

At first glance it seemed that the differing approaches adopted by Labour and the SD in the closing weeks of 1967, and developed further during the course of 1968, would endure unabated well into 1969. The Nordek negotiations that had continued fitfully throughout the previous 12 months had after all reached a stage where agreement on almost all issues bar agriculture, fishing and the precise institutional structure of the new organisation had been reached. Presenting their report to ministers on 3 January, the committee of government experts – the group tasked with exploring the scope and actually negotiating the intricacies of a Nordic economic union – could therefore declare with zeal that a draft Nordek treaty would be prepared by the summer, and that a finalised treaty would be ready to sign within a year.[1] SD enthusiasm for a new Nordic community became only more entrenched against this backdrop. Krag more than ever believed that the plan would strengthen the Nordic countries' negotiating position vis-à-vis the Community. And the SD leader was equally aware of its importance in bringing along those within the party sceptical of Denmark entering an enlarged EEC.[2] Nordek in this sense remained vital not only to the future of Danish European policy but also to the unity and stability of the SD itself.

[1] On Nordek, Johnny Laursen and Thorsten B. Olesen, 'Det europæiske markedsskisma 1960–72', in Tom Swienty (ed.), *Danmark i Europa, 1945–93* (Copenhagen: Munskgaard 1994), 93–160; Gunnar P. Nielsson, 'The Nordic and continental European dimensions in Scandinavian integration: Nordek as a case study', *Cooperation and Conflict*, 173, 6 (1971), 173–81; Olesen and Villaume, *I blokopdelingens tegn*, 536ff.; Lasse Sonne, *Nordek: A Plan for Increased Nordic Economic Co-operation and Integration, 1968–1970* (Helsinki: Finnish Society of Science and Letters, 2007); Claes Wiklund, 'The zig-zag course of the Nordek negotiations', *Scandinavian Political Studies*, 5 (1970), 307–36.

[2] Krag to Tabor, 6 February 1969, box 114, Krag papers, ABA; Referat af Hovedbestyrelsesmødet, 14 November 1969, Forhandlingsprotokol for Socialdemokratisk forbunds Hovedbestyrelse og forretningsudvalg 1960–69; 1972, SD, ABA.

For Labour, meanwhile, French determination to block British entry appeared no less resolute in January 1969 than before. It was true certainly that towards the end of 1968 the Five had shown a renewed determination to champion British entry, with the Germans continuing their balancing act by leading efforts to seek a resolution for the applicants but doing so outside the confines of the EEC so as to avoid antagonising the French.[3] But this merely demonstrated the very little substantive progress made by Britain towards actually joining the Six. As Michael Stewart, back once again as foreign secretary, put it in his diary, 'none of the difficult problems seem any nearer solution'.[4] The so-called Soames affair of February 1969 was the latest sign that the animosity that had characterised so much of Britain's relationship with France was alive and well. The French president's offer to replace the EEC with a larger, looser economic association, at the heart of which would stand a political council comprising Britain, France, West Germany and Italy, was admittedly not too dissimilar to the original FTA that Labour had supported fervently in late 1950s. And de Gaulle's proposal, relayed originally to the British ambassador to Paris, Christopher Soames, did find some favour within the Labour Party. Douglas Jay for one went so far as to welcome the idea as 'a new and wonderfully far-sighted offer to Britain'.[5] But so strained had relations between London and Paris become, so suspicious was the Labour government of French intentions, and so determined to stop Britain from moving into the Community did France appear to be, that stalemate quickly resumed its grip. As the SD was left to champion Nordek as the best facilitator of Danish EEC membership in the long-run, so Labour was left to work with the Five in order to challenge a French intransigence that showed little immediate sign of waning.[6]

All seemed to change when on 28 April de Gaulle announced his resignation. The general's decision, which followed his defeat in a referendum on constitutional reform, furnished the Six with an opportunity to reconcile their own relations and created an environment in which the enlargement impasse that had beset the applicants for much of the previous decade was far more likely to be overcome. The job of the first part of this chapter must therefore be to examine the immediate Labour and SD response to de Gaulle's leaving the Élysée Palace, probe developments in the latter half of 1969 as Georges Pompidou, de Gaulle's successor, settled into office and the

[3] See Pine, *Harold Wilson*, 44–97.

[4] Stewart diary, entry 1 January 1969, STWT 8/1/6, Michael Stewart papers, CAC.

[5] Jay, *Change and Fortune*, 431.

[6] On the Soames affair, among others, Bozo, *Deux Stratégies*, 232ff.; Furby, 'The revival and success', 51–63; Melissa Pine, 'British personal diplomacy and public policy: The "Soames Affair"', *Journal of European Integration History*, 10, 2 (2004), 50–76.

Six's summit in The Hague later in December put enlargement firmly back on the agenda, and explain the swift actions taken by the Labour leadership at the start of 1970 that by June allowed the Six to issue an invitation to commence membership negotiations proper. This will necessarily explore the tension between Nordek and EEC membership that came to a head in the summer of 1969, recount the various discussions within and between Labour and the SD as preparations for negotiations with the Community accelerated in early 1970, and then describe the state of the parties as the SD faced the collapse of the Nordek proposal in March and Labour entered, and lost, the June general election. The second part of the chapter must, logically, then discuss how the SD and Labour each dealt with the European question up until enlargement itself. That the SD would not regain power until late 1971, and Labour would remain out of office until February 1974, meant that the bulk of the negotiations that Krag and Wilson had so vocally demanded in 1967 would in fact be carried out by opposition groups. But, as is already well known, this fact did not stop the two parties from each being engaged in what at times were vicious battles over the European question. The final empirical chapter of this book is thus not only a story of how Britain and Denmark joined the EEC, but also how Krag and Wilson worked separately and in unison in order desperately to keep their parties united on the issue.

All change at the Élysée Palace

The 1967 veto and the lack of any subsequent progress on enlargement confirmed that cooperation among the states of Western Europe was unlikely to progress much further while Charles de Gaulle occupied the Élysée Palace. His decision to retire and Pompidou's victory on 15 June thus seemed immediately to raise hopes that the French veto might soon be lifted.[7] The Labour and SD leaderships certainly wasted little time welcoming Pompidou's comfortable triumph over his competitor, Alain Poher. Wilson wrote to the new president to offer his congratulations and express his desire to 'work more closely for the unity of Europe'.[8] Outwardly at least the SD leadership was similarly euphoric. Pompidou did not strike Krag as the stridently anti-British leader that de Gaulle had grown to become. Speaking in 1965, the then French prime minister had even admitted that, should he ever become president, France would do nothing to prevent Danish EEC

[7] *The Times*, 28 April 1969; Ludlow, *The European Community*, 175–79. On Pompidou's foreign policy, Thierno Diallo, *La Politique étrangère de Georges Pompidou* (Paris: Librairie générale de droit et de jurisprudence, 1992).

[8] Transcript of comments made at Socialist International congress, 16 June 1969, MS Wilson c.1250, Wilson papers, Bodleian.

membership.[9] Krag was therefore as swift as Wilson to welcome de Gaulle's successor. Pompidou, it was claimed, would have a profound impact on Europe affairs and Community membership suddenly seemed rather closer than it had just weeks earlier.[10]

Privately, however, both parties were rather more dubious of quite how transformative the Élysée Palace's new occupant would in fact be. Pompidou's own rather ambiguous statements during the election campaign were a particular source of concern. Large elements of Pompidou's rhetoric had doubtless been positive. On 14 May he even told an audience in Paris that 'Britain must come into Europe […] It is desirable Britain should come into Europe sooner or later – and the sooner, the better'.[11] But the candidate himself contradicted these words a fortnight later with a warning that Britain would have to abandon its 'traditional policy of dividing Europe in order to dominate it' and that 'the Europe that must be created will not be unless England one of these days decides to become European'. Transport House thus greeted the election of Pompidou with mixed feelings.[12] Reporting to the SD party congress on 16 June, Krag confirmed that he shared this analysis, going so far as to bemoan the election of a 'Gaullist as France's new leader'. A short-term arrangement between EFTA and the Six might be possible under the new regime, but Pompidou's rise would 'not fundamentally solve the European market problem'.[13] The SD executive similarly took these statements to mean that 'significant economic and political interests continue to exist in France against the expansion of the Common Market'. The Community according to this viewpoint was thus unlikely to sanction negotiations with Denmark, Britain and the other applicants at least for another decade.[14]

The Foreign and Commonwealth Office (FCO) in London saw similar grounds for restraint.[15] Pompidou had after all presented his candidacy as one of steady continuation of rather than fundamental change from the policies of de Gaulle. Any alteration in French European policy, if it were to come, would therefore almost certainly be laboured. The new president would, moreover, probably face competition from an apathetic civil service and a cautious national assembly, where a Gaullist majority meant that

[9] Ramussen, 'Joining the European Communities', 165.

[10] Lidegaard, Jens Otto Krag II.

[11] *The Times*, 15 May 1969.

[12] The prospects for Europe following the departure of de Gaulle, June 1969, NEC minutes, 25 June 1969, LHA.

[13] J.O. Krags politiske beretning, 16 June 1969, box 458, SD, ABA.

[14] Forretningsudvalgsmøde, 10 June 1969, box 110, AE, ABA.

[15] The FCO was created following the 1968 merger of the Foreign Office and the Commonwealth Office.

any shift in France's attitude could well be scuppered by a parliament still dominated by the ideological overtures of the political figure that thrice before had blocked a closer institutional relationship between Britain and the continent.[16] And France would also need time to mend the fences with its Community partners seriously damaged during de Gaulle's tenure, further delaying fresh membership negotiations. Welcoming the expansion of the Community beyond its founder members would in fact be crucial if France hoped to soothe relations with the Five. But, as many were quick to point out, this was far from the most immediate issue facing Pompidou. The matter of a permanent financial settlement for the CAP (discussed further below) would first need to be solved. And the much more complex question of the Community's future goals and development would similarly need discussion before the EEC was in a position to expand its membership.[17] The appointment of both the Anglophile Maurice Schumann as foreign minister and the centrist Valéry Giscard d'Estaing – someone known to support enlargement – as minister of finance went some way to assuaging doubts that the enlargement impasse would remain unresolved and suggested instead that Pompidou was in fact a man with whom Britain could do business. Quite how events would pan out was, however, far from certain.

For all the excitement engendered by de Gaulle's departure and the very real possibility that a change of leadership in France might revitalise the enlargement process, Pompidou's ascent to the presidency therefore brought about few immediate alterations in Labour and SD European policy. As early as 13 June, two days before the French presidential run-off widely regarded as Pompidou's to lose, Stewart told Wilson that Britain needed to develop close relations with the new administration in Paris but swiftly cautioned against reducing pressure on the French since 'de Gaulle's more unacceptable policies may actually survive' under the next government.[18] This same theme was echoed in a meeting of Whitehall officials at the end of the month, the foreign secretary welcoming Pompidou's victory but also advising that Labour ministers ought to remain vigilant to protracted inflexibility from Paris. Thus, Labour would for the foreseeable future retain a policy of working with the Five and pressuring the French to open negotiations proper.[19] In the confines of an SD meeting, Krag echoed Stewart's words almost verbatim. He therefore considered it much too naive for Denmark to think that talks with the Six would take place any time soon. It was, so the SD leader stated, instead imperative that all four Nordic

[16] *The Economist*, 10 May 1969.
[17] On these points, see Ludlow, *The European Community*, 181–83.
[18] Stewart to Wilson, 13 June 1969, PREM 13/2645, TNA.
[19] Record of meeting, 24 June 1969, PREM 13/2629, TNA.

states make 'a real push towards the implementation of the Nordic economic community'. A far-reaching Nordic economic and customs union was after all still considered essential if Denmark hoped to lessen the effects of its continued exclusion from the Community's agricultural policy. And, in the medium term, Nordek would probably prove indispensable to securing the best terms from the Six if and when enlargement negotiations did finally commence.[20] Pompidou's election had done nothing to change this basic calculation.

At a more strategic level, however, Pompidou's victory did eventually set in train a lively debate within Labour about a possible advance in the integration process.[21] The starting point was a meeting with Stewart on 9 July, where Wilson spoke of how de Gaulle's leaving could eventually give rise to new negotiations with the Six, a meeting that resulted in the two men planning to seek permission from cabinet to review the circumstances of a membership bid.[22] And it was followed five days later by a gathering of a Treasury team, headed by Roy Jenkins, tasked with discussing the likelihood of renewing the EEC application.[23] Such measures were of course to be expected. Contemplating quite whether Pompidou's presidency would allow the Labour government to undertake a new initiative and, if so, how this was best done, were all natural questions for the post-de Gaulle age. Much better surely to plan for an eventuality where the new French president was more accommodating and Britain was fully prepared to take on the challenge of negotiating enlargement than to be caught short if circumstances did permit a membership bid. Significant, however, is that as this review process got under way it worked both to shine a light on a leadership that while meeting Pompidou's victory with caution was still intent on Britain joining the EEC but also to reawaken pockets of latent hostility to EEC membership within the Labour cabinet that had lain dormant since the immediate aftermath of the second application. Of the various disagreements that emerged over the summer and into the autumn of 1969, two particular problem areas deserve focus here.

The first and more basic dispute that emerged related to the timing and nature of any new bid. The task of applying for the Community in 1967 had been eased considerably by the fact that Labour had only recently been elected with a safe majority of 96 seats and on a manifesto commitment markedly pro-European in tone. By 1969 the domestic political environment in Britain was rather different. Part of the problem was the date of the next

[20] Krags politiske beretning, 16 June 1969, box 458, SD, ABA.

[21] *The Times*, 17 June 1969.

[22] Graham to Robinson, 9 July 1969, FCO 30/398, TNA.

[23] Record of meeting chaired by Roy Jenkins, 14 July 1969, T 312/2456, TNA.

election, due at the latest in early 1971 but widely slated to take place at some point in mid-1970.[24] Any bid for membership now was thus liable to influence the outcome of, or at very least set the tone for, the national vote. Precisely because of this, any division within Labour over European membership could have a hugely detrimental effect on the party's chances of securing re-election. Complicating matters further was the general downturn in support for entry among the public. Wilson seldom paid much credence to voter opinion, but the decision to apply in 1967 was undoubtedly simplified by coming at a time when rarely less than 60 per cent of the population supported entry.[25] Since then, however, a second failed attempt to join the Six and France's ongoing hostility to enlargement had caused support for entry steadily to drop. To consider an application now when there was a risk of a public backlash spilling over into an election result and at a time when anti-Market Labour MPs could use popular discontent to question the necessity of a bid, was surely a daunting prospect.

This was all more so given that already in July 1969 disagreement had broken out among Labour ministers over reviving the application in the foreseeable future. A cabinet meeting on 22 July did admittedly provide Wilson and Stewart with the negotiating instruction they desired. The way was thus freed for the government, if it so wished, to restate publicly its basic support for entry providing acceptable terms were met. But several party figures failed to hide their anger at what they felt would be a rush to apply to the Six ahead of the next general election. Commons leader Fred Peart and Peter Shore, now secretary of state for economic affairs, led the charge, suggesting that there would need to be 'an up-to-date appraisal of where our interests lay and of how negotiations should be conducted'.[26] Simply picking up where the 1967 application left off was in other words considered by some as completely out of the question.

This same point was made rather more curtly six weeks later by Richard Crossman, the secretary of state for social services. Writing to the prime minister, Crossman noted that while Stewart 'wanted to make it publicly clear that we favoured a resumption of our negotiations as soon as possible', he, Castle and Peart instead 'urged the timing of the negotiations (if they took place) was important in relation to the election campaign'. Arguments for delay were in this argument compelling. On the one hand, should negotiations stall Labour risked 'losing the Common Market vote'; on the other, the government might be forced to concede too much ground to the

[24] Edward Heath certainly predicted an early election, see *Glasgow Herald*, 25 June 1969.

[25] Henry Durant, 'Public opinion and the EEC', *Journal of Common Market Studies*, 6, 3 (1968), 231–49.

[26] CC(69)35th, 22 July 1969, CAB 128/44, TNA.

Six in order to secure a quick succession and thus risk 'surrendering national and Commonwealth interests and so losing the anti-Common Market vote'. Castle, according to Crossman at least, had even suggested that Labour would require a fresh mandate from the electorate before the government embarked on negotiations anew, and that failure to secure the necessary support would have to be reflected in subsequent party policy.[27] There was thus the strong possibility that a few Labour ministers would completely disown any new bid announced this side of the election and would continue to do so should voters grow still more apprehensive about joining. As Tony Benn aptly put it, this was 'the beginning of a revolt' on Europe.[28]

The second difficulty, relating to the Community's agricultural policy, threatened to exacerbate the rebellion still further. The status and financing of agriculture subsidies had long dominated discussions between the EEC powers. It was, after all, primarily a disagreement over funding the CAP that had embroiled the Six in the heated debate that led inexorably to the 1965–66 empty chair crisis.[29] By 31 December 1969, the date by which a permanent version of a temporary system fund the CAP devised three years earlier needed to be agreed, these wounds stood to be reopened. The debate centred on moving to a scheme financed by the Community's 'own resources' comprising revenue raised from customs duties and agricultural levies levelled against extra-EEC imports. Since this mechanism would fail to cover the necessary cost, member states might also offer a certain percentage of their value added tax (VAT) receipts.[30] States like France – and indeed Denmark – were probably to do well from this system, its farmers receiving more in agricultural subsidies than the country as a whole paid into the common fund. But precisely because the CAP was now far costlier, and the over-production its subsidies encouraged ever greater, Community members like Italy and Germany that did far less well were probably to seek a far more fundamental alternation. Discussion on a permanent settlement was thus likely to test severely the EEC's resolve and bring out into the open disagreements over whether the Community ought to scrap the policy entirely.

For Britain, the Six's focus on the CAP risked highlighting just how costly entry would be. First, as a huge importer of goods and produce from outside the EEC, Britain would pay disproportionately large amounts into

[27] Crossman to Wilson, 15 September 1969, MSS 154/3/AU/1/239–512: Defence, Richard Crossman papers, MRC.

[28] Benn, *Office without Power*, entry 22 July 1969, 192.

[29] See Ludlow, 'Challenging French leadership in Europe', 231–48.

[30] Martin J. Dedman, *The Origins and Development of the European Union, 1945–2008: A History of European Integration* (London: Routledge, 2010), 104.

the common fund. The second controversy, identical to the one identified by Labour back in 1961, was that by moving from the existing purchase tax regime (applied to the variable wholesale price) to a VAT (applied flat-rate to most goods and services), the cost of living for British consumers would increase. Third, because of Britain's relatively small agricultural system compared with other European countries, there would be a huge disparity in the UK's net contribution. A good number of British farmers would still do well from subsidies, but the uneven transfer of funds more generally risked not only destabilising the still recovering balance of payments deficit but also at a political level irking many in Labour's own ranks and the country at large.[31] And the fourth problem was that if British membership were to come, it would do so after the 1969 CAP deadline. London would hence have to accept the final version of the system thrashed out by the Six without having had any say in its making. Add to this the by now familiar refrain that by joining the EEC Britain would have to abandon its cheap imports of goods from outside the Community – which as we have already seen was likely to drive up food prices for the average consumer – then accusations of Brussels imposing its will on an emasculated London were likely to multiply. Agriculture thus promised to play a decisive role in both the Labour and the national debate over the EEC regardless of whether Wilson actually decided to launch an application in the immediate future.

These problems suddenly became very real when on 10 July Pompidou delivered his first press conference as president. Outlined was a proposal for the Six to hold a summit conference by the end of the year to discuss 'the conditions of British membership and the consequences'.[32] But, as the president made clear, of the three major issues facing the Six, the whole question of enlargement was the third, least pressing of these. First by contrast came completing the EEC's original agenda including the thorny issue of CAP financing, while second was the matter of deepening the EEC's existing competences to include potential new areas of cooperation such as on economic and monetary union (EMU). What is more, any discussion on enlargement could according to Pompidou only commence once the Six had managed successfully to negotiate the first two matters; in other words, there was no guarantee that 'widening' would even feature as a topic on the summit's agenda should agreement on 'completing' and 'deepening' not meet French expectations. France was thus likely to extract a high price in terms

[31] See Parr, *Britain's Policy*, 116ff. on how some farmers were likely to fare much worse than others.

[32] *The Times*, 11 July 1969. See also Daniel Möckli, *European Foreign Policy during the Cold War: Heath, Brandt, Pompidou and the Dream of Political Unity* (London: I.B. Tauris, 2009), 32.

of securing the agricultural and budget settlement that it wanted in return for clearing the way for membership negotiations to begin with Britain and the other applications.[33] This only increased the chances of Britain having to accept a potentially unsatisfactory deal on agricultural finance. It was unsurprising then that in the days following Pompidou's press conference Labour anti-marketeers became still more dogmatic in their hostility to Britain joining the Six.[34]

When Labour met at its annual conference six weeks later, Community membership was thus more topical than it had been for well over two years. Enthusiasts of the EEC certainly attempted to make a strong showing, using the election of Pompidou as an excuse to reinforce the message that Labour ought to resuscitate the 1967 bid that the party itself had been responsible for launching. Notable among these efforts was George Brown – no longer a government minister but still the Labour deputy leader and a prominent figure in his own right – who went to some length to restate his support for immediate British entry to the Six, no surprise given that as foreign secretary he had made clear in his July 1967 address to the WEU that Britain ought to negotiate membership as quickly as possible in order to influence the CAP discussions.[35] Every bit as important was the Labour Committee for Europe, whose ranks now consisted of over 90 MPs and nearly 20 peers. As the annual conference showed, LCE was now more willing to use this base to ensure that pro-Community voices were heard in the party, Jenkins even arranging for Sicco Mansholt to speak at a plenary session about the true costs for Britain of a final CAP settlement.[36] And Wilson himself demonstrated an ongoing commitment to joining the Community by inviting Helmut Schmidt, the then SPD deputy chair, to open the debate on the Common Market by extolling the virtues of EEC enlargement.[37]

These speeches from Mansholt and Schmidt met with applause and a degree of sympathy, but sceptics still appeared to rule the day. Several conference delegates were, for instance, very clearly repulsed by the idea that Britain might end up paying high sums into the Community coffers in order to fund French farmers.[38] It was admittedly not all bad news. Fortunately for Wilson, a motion calling upon the government 'to withdraw from all

[33] Ludlow, *The European Community*, 197.

[34] See, for instance, Jay's comments in *The Economist*, 19 July 1969.

[35] LPAR 1969, 320–23; Brown's speech at Socialist International congress, Eastbourne, 17 June 1969, MS Eng. c.5112, Brown papers, Bodleian.

[36] *The Times*, 13 August 1969; Stewart speech at plenary session of Labour conference published by Labour Committee for Europe, 1 October 1969, box 440, SD, ABA.

[37] LPAR 1969, 285–86.

[38] LPAR 1969, 309–20.

negotiations' with the Six was easily defeated.[39] That the prime minister conceded there would have to be a white paper examining the cost of entry and in particular the effect of the CAP on Britain ahead of any new negotiations – thereby providing MPs with a chance to vent their grievances and shape Britain's approach to the Six – also took some of the immediate heat out of the debate.[40] But the new NEC statement that did pass – which like those in 1967 and 1968 made clear Britain ought to seek entry but unlike those earlier declarations made far starker reference both to needing to secure acceptable conditions and also to the terms of membership being subject to support from the electorate – hinted at a subtle shift in Labour's allegiances away from the EEC.[41] For a party still officially in favour of Community entry, the general tone was indeed brazenly hostile.

On the eve of the Six's December summit at The Hague – the gathering of Community heads of government first put forward by Pompidou in July – Harold Wilson was thus in some trouble. There was undoubtedly the intriguing possibility that British EEC membership, which only months earlier had seemed an impossible scenario, might soon become a more realistic proposition. Aided by a thawing of relations between London and Paris throughout the autumn – Stewart first met his French counterpart on 20 September in a meeting described as 'friendly',[42] while Pompidou went out of his way to welcome the British ambassador[43] – the chances of enlargement did indeed seem bright. These only increased when on 28 September Brandt became German chancellor, an event that convinced the odd anti-Market Labour minister that British membership might in fact be worthwhile now there was a more significant socialist presence on the continent.[44] And while a degree of caution around French tactics rightly continued to exist, and there remained of course ample scope both for The Hague summit to end in stalemate and for the momentum behind a potential new British bid to freeze, the improved Anglo-French bilateral mood was such that in early November Stewart felt confident enough to predict that membership negotiations

[39] LPAR 1969, 323.

[40] Throughout the drafting of the white paper Wilson sought to avoid antagonising anti-EEC opinion in the Labour Party. See Wilson minute on Nield to Youde, 19 December 1969, PREM 13/3198, TNA.

[41] *The Times*, 28 September 1969.

[42] Record of meeting between Stewart and Schumann, 20 September 1969, FCO 30/447, TNA.

[43] Soames to FCO, tel. no. 914, 10 October 1969, PREM 13/2630, TNA.

[44] Remarks by Healey at Socialist International European security study group meeting, 26 February 1970, box 443, SD, ABA. For Brandt's support for British entry, Brandt to Wilson, 25 October 1969, MS Wilson c.1588, Bodleian; *The Times*, 3 October 1969.

would open at some point in mid-1970.[45] Despite all the indications that the Community might soon absorb Britain, though, the Labour leader was left to confront a party that seemed rather less willing to follow the leadership's lead as it had in 1967. Britain may well have been that much closer to joining, but equally clear was that an escalation of anti-Community sentiment within the Labour Party also seemed on the cards.

Confronting Nordek

From the viewpoint of 1969 and early 1970, however, one of the more immediate concerns facing Wilson was developments across the North Sea. At first sight such a claim may well seem a little far-fetched. The number and severity of problems coming across Wilson's desk in this period were after all so staggering that any issue relating to the Nordic states seemed unlikely ever to have potency and urgency to necessitate a response from the British prime minister. Apart from the European question of course this included the less than positive response from trade unions and trade union-sponsored MPs to Castle's *In Place of Strife*, a piece of legislation designed to tighten the rules surrounding strike action but which brought Labour to the brink of an all-out clash of ideologies.[46] And on top of this was the August 1969 flare-up of trouble in Northern Ireland, which saw violent clashes between police and Catholic residents of Londonderry and prompted Wilson to deploy troops in a bid to restore order.

On closer inspection, however, the potential implications of a new Nordic economic group were deemed serious enough that it required some sort of response from Britain. For one, Nordek was seen as something that could feasibly weaken Britain's standing in the Seven, a fear hardly eased when Norwegian foreign ministry staff spoke openly about wanting to 'improve the balance of EFTA in which Britain was now perhaps disproportionately the biggest member'.[47] There was also the matter of the Nordic states possibly joining the Community en masse without the United Kingdom, a move that could leave Britain seriously isolated on the continent. The exact opposite – Britain joining the EEC alone – was equally daunting. It was not an unreasonable assumption that Nordek would make Danish entry less rather than more likely. For despite all the talk by Krag of Denmark using Nordek as a vehicle to join the Six, each of the Nordic states in fact envisaged very

[45] CC(69)45th, 6 November 1969, CAB 128/44, TNA. On continuing concerns over France's position, see Furby, 'The revival and success', 98.

[46] *The Economist*, 25 January 1969. On the policy, Richard Tyler, '"Victims of our history?" Barbara Castle and *In Place of Strife*', *Contemporary British History*, 20, 3 (2006), 461–76.

[47] East to MacGlashan, 14 June 1968, FCO 9/349, TNA.

different relationships with Brussels. An agreement that satisfied all of their individual needs would hence be far from easy to negotiate.[48] Isolated and facing the more protectionist founder member states without the Nordics to help create a British-led counterweight to the Franco-German axis, was a challenge few in London relished.

Arguably enough, it was the defence implications of Nordek that were the greatest source of concern. The general direction of Nordic foreign policy had long been a point of frustration for Western policymakers. First and foremost, the Nordic countries were highly critical of US involvement in Vietnam; second, this anti-American sentiment saw a drop in public and political support for NATO, a concern because 1969 marked the year from which any alliance member could withdraw after giving two years' notice; third, public opinion and increasingly political opinion was moving gradually in favour of recognising the German Democratic Republic and supporting eastern European initiatives for a peace conference at a time when most in the West still opposed such developments; and fourthly, a reduction in defence spending envisaged by Baunsgaard's Social Liberal-led government and accompanying cuts to Denmark's military, already small by Western standards, raised questions about the Scandinavian commitment to the Atlantic Alliance and Denmark's ability to meet its NATO commitments. The FCO's concern was that Nordek, consisting as it would of a harmonised political and economic relationship with neutral Finland and Sweden, would somehow compound these tendencies to the point that not just Denmark but Norway too would feel compelled to leave NATO. Still worse, Moscow could seek to capitalise on this situation by extending its hegemony via Helsinki to include all four Nordek members. The likelihood of such a turn was of course debatable. But the emergence of a neutral Nordek bloc on Europe's northern border was taken very seriously by London.[49]

It would of course be misleading to argue that the SD bore sole responsibility for such trends. But Labour did see it as having a unique role in shaping the course of events. This was especially the case since the SD remained one of the staunchest proponents of the Nordek plan. Attenuating SD backing for the project might thus help weaken the broader momentum behind a

[48] Denmark and Norway, the two Nordic NATO members, each hoped to accede as full members of the Community. Sweden sought something approaching associate membership so as to avoid a public conflict with its cold war stance of non-alignment, and Finland, by virtue of its forced neutrality and intricate relationship with the Soviet Union, strove for a looser free trade agreement outside the confines of the Treaty of Rome.

[49] See Matthew Broad, 'Keeping your friends close: British foreign policy and the Nordic economic community, 1968–1972', *Contemporary European History*, 25, 3 (2016), 459–80.

Nordek treaty. But there were also fears that the future direction of SD defence policy might provoke a dangerous race to the bottom and exacerbate the anti-Atlantic Alliance trend in Danish defence policy.[50] After all, the reduction in Danish defence spending envisaged by Baunsgaard's Social Liberal-led government posed a problem for Krag, since there was a palpable danger that the centre-left SD would be seen as more pro-defence than the right-wing Conservative members of Baunsgaard's coalition cabinet. A drift by the SD towards a more draconian position on defence spending was already detectable before the end of 1969 when Krag and the SD's defence spokesperson, Kjeld Olesen, began talking in terms of a more 'realistic' Danish contribution to NATO, at the heart of which were plans to reduce further the army's manpower, cut in half the time served by conscripts and restructure supplies to leave the military reliant on fewer naval vessels and aircraft. Such views certainly did not imply that the SD was about to support leaving NATO. Indeed, the aim of the SD's defence reform was precisely to increase the efficiency of any contribution to the Atlantic Alliance. But the fear remained that the SD would help contribute to a crisis in Denmark's security policies and help provide ample room for critics of NATO – including within the SD itself – to renew doubts about whether an American security umbrella provided the best means to safeguard Denmark against the threat posed by communist Russia. The consequences of this were spelt out by Tom McNally, Labour's new international secretary:

> The reforms could lead to a situation in two or three years' time where reconsideration by Denmark of its position within the Atlantic Alliance could take place […] The concern is not so much about the defence reforms themselves but for the dynamics in the situation […] It is feared that such a compromise would undermine the all-party support for Denmark's foreign policy and defence posture which has existed since 1949, and also give increasing weight to the kind of arguments that were used to justify neutrality before the Second World War – that neutrality was the best shield against aggression.[51]

The major point, as McNally himself made clear, was that '[t]he Danish decision on membership of the EEC will be an important signpost to the strength of these tendencies – in other words, securing Denmark in the economic fold of western Europe was essential to shoring up NATO's northern front. That Nordek might stand in the way of Danish EEC membership thus became a threat that Wilson would have to confront.

From as early as July 1969, Labour's concerns about Nordek were severe

[50] Something Krag himself recognised; see *Bornholmeren*, 26 April 1969.

[51] Further developments in European security, undated, NEC minutes, 23 February 1972, LHA.

enough that the benefits of some sort of informal intervention in SD policy outweighed FCO concerns that Britain might be seen as interfering in the affairs of another state. At least three attempts were made by Labour to warn the SD about the potential pitfalls of the Nordek proposal. The first, somewhat indirect attempt came at a meeting of socialist leaders at Harpsund on 6 July, where Wilson asked Tage Erlander – who, contrary to public protestations, apparently disliked Nordek since it offered few immediate economic gains for the Swedish economy – to purge Krag of his robust support for Nordek. This ended in a somewhat peculiar situation where Wilson, presumably heeding Foreign Office advice, refused to address the matter with Krag directly but chose instead to invent needing to talk separately to Brandt and the other leaders that were present so that Erlander could relay British and Swedish concerns to Krag and Trygve Bratteli, the Norwegian Labour Party leader.[52]

This was followed up a few months later when on a visit to Copenhagen Denis Healey criticised publicly Krag's position on defence and called for all political parties to reject any measure that might undermine Denmark's contribution to NATO – a thinly veiled criticism of Nordek.[53] And these efforts peaked when George Thomson, back in his old job as chancellor of the duchy of Lancaster tasked with negotiating British EEC entry, met Olesen on a visit to Downing Street in February 1970. Given the obvious doubts about an impending Nordek treaty, Thomsen indeed soon warned of complications posed by an economic and political Nordic union comprising neutral Sweden and Finland. Both countries were, Thomsen maintained, far better being integrated within the Community structure than a separate, smaller Nordic alliance.[54]

The SD appeared seriously, if gradually, to respond to Labour petitioning. At a rhetorical level this was made obvious by Krag going to fairly extensive lengths to remind colleagues that membership of the Community alongside Britain was a sacrosanct foreign goal strengthened, not replaced, by any organisation established by the four Nordic countries.[55] And these overtures were in turn complemented by a high-profile drive to strengthen support for Danish EEC and NATO membership among the SD rank and file, the most notable example of which was a pamphlet by Matthiasen, Olesen and the former education minister K.B. Andersen outlining the SD's programme

[52] Note of conversation with Erlander, 6 July 1969, PREM 13/2639, TNA. This document also contains Erlander's claims that Stockholm disliked Nordek.

[53] *Politiken*, 11 October 1969.

[54] Referat af mødet met George Thomson, 10 February 1970, box 440, SD, ABA.

[55] Referat Hovedbestyrelsesmødet, 14 November 1969, Forhandlingsprotokol for Socialdemokratisk forbunds Hovedbestyrelse og forretningsudvalg, 1960–69; 1972, SD, ABA.

for the 1970s.[56] The SD response in other words offered a glimmer of hope that Nordek might not turn out to be quite as pernicious as was first feared. And significantly in the context of this book, this pressure had been exerted through party political links at a time when the Foreign Office in London considered it unwise, or unable, to pressure the Danish itself through official diplomatic channels.

The problem, however, was that for all the concern expressed by his British counterpart, Krag remained deeply committed to Nordek. The same dose of scepticism about whether France had truly changed its position on British membership, the degree of concern that the UK would in any talks with the Six fail adequately to champion Danish concerns, the equally strong belief that a Nordic bloc would prove useful to Denmark were negotiations in fact to open with the Six, and the clear sense that support for Nordek was vital to convincing SD parliamentarians and the party rank and file to support EEC accession, remained as potent now as in late 1967.[57] While the SD leadership was thus willing to reconfigure its support for Nordek so as to make clear it was a means to join the Community and not an end in itself, and was equally keen to shore up support for NATO to offset criticisms about the possible security implications of a Nordic bloc, it was not willing to do anything fundamentally to change its basic commitment to the plan. The Nordek episode in this sense revealed both the strengths and limitations of the Labour–SD relationship. That Wilson and his colleagues had been unable to affect dramatic change in the SD's stance demonstrated of course that domestic determinants often superseded accommodating the views of socialist sister parties. But conversely it also revealed quite how significant the Nordic states were to British foreign policy goals and the significance Labour attached to relations with the SD as a mechanism to help achieve these. Such a connection would stand the two parties in good stead, and indeed become even more vital for both groups, in the run up to EEC enlargement. It is to this that the latter half of this chapter must now turn.

The impact of The Hague summit

The months between the July 1969 Harpsund meeting and Olesen's visit to Downing Street in February 1970 witnessed a major event in the history of the Community. The circumstances surrounding The Hague summit of 1–2 December 1969 have already received considerable scholarly attention

[56] K.B. Andersen, Kjeld Olesen and Niels Matthiasen, *Mål og Midler. Socialdemokratiet i 1970'erne* (Aarhus: Fremads Fokusbøger, 1969).

[57] Krags tale på Socialdemokratiets ekstraordinære kongres, 18 January 1970, box 831, SD, ABA.

elsewhere and need little rehearsal here.[58] But two developments that emerged out of the conference, each of which was of direct relevance to Labour and SD European policy, do need some discussion. The first and most significant outcome as far as Labour and the SD was each concerned was that Pompidou appeared to lift de Gaulle's veto on enlargement. Admittedly, paragraph 13 of the communiqué released by the Six did nothing more than restate support for the 'principle' of enlargement. And reference to the actual opening of enlargement negotiations was similarly euphemistic, the communiqué noting the importance of 'essential preparatory work' without giving a firm date for the start of talks proper. There was in other words still a certain degree of suspicion surrounding the new French president's motives and the likely pace and course of events. But few were in doubt that, in comparison with de Gaulle's claim in 1967, Paris now saw enlargement as helping to bolster rather than undermine the unity and achievements of the Six. A turning point in the Community's short history appeared to have been reached.

The second conclusion of significance was the Six's decision to agree to Pompidou's July mandate that, alongside widening, the Community member states would work both to complete a number of existing common policies and to deepen further the level of integration between them by expanding the scope of the EEC into a number of new areas. The latter, expressed in the communiqué with multiple references to the Community's 'political objectives' and the Six's intent to work towards full-blown 'political unification', referred most obviously to EMU and to a possible coordination of member states' foreign policies, known in Community parlance as European Political Cooperation, or EPC. The former meanwhile suggested that the Germans and Italians, both of which had earlier expressed concern over the CAP system and had previously shown little inclination to rush the decision on a permanent financial mechanism, would abandon their opposition and accept ahead of the 31 December deadline the 'own resources' solution – that is, the Community having its own source of revenue with funding drawn from customs duties, agricultural levies and VAT revenue.[59] Pompidou had thus confounded fears that he like de Gaulle would resist enlargement of the Community.

[58] For instance, Furby, 'The revival and success', chap. 2; Ludlow, *The European Community*, chap. 7; N. Piers Ludlow, 'An opportunity or a threat? The European Commission and The Hague Council of December 1969', *Journal of European Integration History*, vol. 9, no. 2 (2003), 11–25; Alan Milward, 'The Hague Conference of 1969 and the United Kingdom's accession to the European Community', *Journal of European Integration History*, vol. 9, no. 2 (2003), 117–26; Pine, *Harold Wilson*, 131–56.

[59] On Community financing, Michael Shackleton, *Financing the European Community* (London: Pinter, 1990).

But he had done so only once France had secured the CAP and funding apparatus it most coveted.[60]

Pompidou may well have been pleased with the outcome, but these two decisions brought with them a variety of challenges for the Labour and SD leaders. In the case of Wilson, reference to political union and a settlement for CAP exacerbated anterior party concerns about the terms of entry. Just two days after The Hague conference, the Cities of London and Westminster local Labour group was one of several to demand the party leadership 'oppose the integration of Britain into a European political community', warning that the development of common foreign and monetary policies risked turning the Community into a 'large superstate' that would only alienate the British public.[61] Little wonder then that while in the Commons on 4 December Wilson should welcome the Six's commitment on enlargement and say that he was hopeful for 'negotiations to begin as soon as the Six are ready', but swiftly follow this with claims that membership was not a foregone conclusion and that the terms of entry would have to be adequate.[62]

The real test did not come until the long-promised white paper on the economic implications of entry was presented to the Commons on 10 February. Wilson doubtless expected internal objections. He had already made the decision to restrict the paper's drafting team to a small band of ministers led by the pro-European chancellor Roy Jenkins, thereby helping close down possible negative responses during the writing process that had taken place over the winter and spring of 1969–70.[63] Wilson similarly foreshadowed a potential backlash from anti-marketeers by reminding ministers both of the need for unity in a possible election year and of their obligations in terms of collective responsibility.[64] Cabinet for its part was also given just five days to make sense of what was a technically challenging and fairly lengthy, 46-page factual document before it had the opportunity to register any dissent in a meeting on 3 February.[65] This forestalled a potentially worst-case scenario of ministerial resignations and the complete collapse of the Labour government.

[60] Ludlow, *The European Community*, 197. The 'own resources' system, accompanied by a commitment to give the European Parliament budgetary oversight and alter the CAP system only by unanimous vote, was formally adopted in a meeting of the Six held 19–22 December 1969.

[61] Resolutions received, NEC minutes, 17 December 1969, LHA.

[62] *Hansard*, HC Deb, 4 December 1969, vol. 792, col. 1969.

[63] Lloyd Jones to private secretaries, 7 January 1970, PREM 13/3199, TNA.

[64] Personal minute no. 62/69, 30 October 1969, PREM 13/3197, TNA. For a sense of the warnings relating to party unity on the EEC and the election, see, for instance, Castle, *The Castle Diaries*, entry 14 January 1970, 749.

[65] Pine, *Harold Wilson*, 161.

Such tactics were always going to be tested when the headline figures from the white paper emerged, however. Defending the paper in cabinet, Wilson certainly continued to do his best to obviate too great a backlash by stressing how the true cost of entry was a hypothetical prognostication that necessarily presented 'a theoretical range' of figures. He made similar noises about securing a long transitional period for industry to help ease the changes brought by adherence to the EEC. And throughout he maintained that a final decision still depended on the exact terms negotiated with the Six.[66] That membership might see Britain's contributions to the Community's 'own resources' reach a gross figure of £670 million annually, a hike in the retail food price of between 18 per cent and 26 per cent and the overall impact on the balance of payments of around £700 million with a possible upper estimate of £1.1 billion was, however, clearly too much for several ministers, both pro- and anti-Community in complexion, to take.[67] So too was it controversial within the PLP, which was pretty evenly split on whether entry was viable based on these calculations. Claims by the former cricketer and now pro-Community MP Sam Silkin that the document was 'an honest and balanced document' were hence immediately countered by those who demanded the government defer negotiations. There were even those who questioned the need for entry at all; as one unnamed parliamentarian put it, Britain by virtue of its membership of NATO and EFTA was 'in Europe in the only effective ways it could be already'.[68]

The deal that emerged out of The Hague summit thus directly framed the debate over entry in Labour and fed into existing doubts about the negative aspects of Community membership. The same held true for the SD, even if Krag faced a somewhat different set of issues. Unlike Britain, the Six's agricultural agreement actually promised considerable advantages for Denmark. Not only would it help increase Danish exports and improve the parlous balance of payments situation, but as a net agricultural exporter Copenhagen stood to benefit by receiving far more in European subsidies than it paid into the common fund. Should negotiations ever open, the government of Hilmar Baunsgaard was consequently sure to call for membership as quickly as possible without the long transition period envisaged by London. But immediate and seamless access to CAP, and indeed the chances of enlargement itself proceeding in a swift and amicable

[66] As he did in public: for instance, Transcript of interview on BBC Radio 4 *World This Weekend* programme, 22 February 1970, MS Wilson c.1256, Wilson papers, Bodleian.

[67] CC(70)5th, 3 February 1970, CAB 128/45, TNA. For a taste of the response from ministers, see Castle, *The Castle Diaries*, entry 3 February 1970, 759. For a detailed discussion on the white paper's contents, see Furby, 'The revival and success', 124–33.

[68] Minutes of meeting, 18 February 1970, PLP minutes, 1969–70, LHA.

manner, would be dependent upon Denmark rallying in support of the Community's broader political objectives. The problem for the SD leadership was that the government's willingness so overtly to support this, and the sheer scale of the ambitions outlined by the Six, would provoke all sorts of disagreements in the party. This obliged senior SD figures to point out, as Ivar Nørgaard did in a series of newspaper articles and senior figures such as Niels Matthiasen and transport spokesperson Jens Kampmann did in a handful of parliamentary speeches, that committing irrevocably to the future political goals of the EEC would prove a major handicap to Denmark's negotiating position and was in any case much too high a price for entry.[69] The SD leadership had at the very least to be seen to disagree with the more provocative aspects of EEC entry even if its basic calculation in favour of membership had not changed.

In adopting this policy, the SD leadership inadvertently recast what was still very much a supportive position on EEC membership, one which in 1961 and again in 1967 had seen the party accept almost unconditionally the political objectives of the Treaty of Rome, into one far more cynical about membership, simply to appease the anti-Community sentiments of the SD ranks. This had the very opposite effect of what Krag had always hoped to avoid: fanning the flames of anti-European sentiment still further and seemingly pushing the SD to an ever more critical stance on EEC accession. Much of the summer of 1970 was hence spent by Krag denying that a deep rift existed within the SD and fending off accusations that the party had abandoned completely its support in principle for joining the Community.

The task of holding the SD together was made immeasurably more difficult thanks to the ambiguous fate of Nordek in light of the Six's commitment to make progress on enlargement. Suddenly centre stage was Finland's membership of a Nordic bloc. Helsinki, it is true, had grown to become a keen supporter of Nordek for the opportunities it gave for increased inward investment and expanded trade. And it was also the case that while Nordek was a subject that attracted heated debate domestically, at no point during the Nordek talks did the Finnish government appear to show any intention to oppose the creation of a Nordic bloc were its members to seek closer links with Brussels. Indeed, the Finnish government appeared alive to the benefits of deeper Nordek–EEC relations if it meant establishing its own forms of cooperation with the Six. Yet this position underwent a rather striking reversal when on 24 March Helsinki made plain its aversion to signing the finalised version of the Nordek treaty now that EEC enlargement seemed a strong possibility. A little over two years

[69] *Aktuelt*, 2 July 1970; *Politiken*, 5 July 1970. See also Jensen, 'Socialdemokratiets markedspolitik', 11.

after Krag first announced the idea of a Nordic union, the Nordek dream was all but dead.

An analysis of the factors underscoring this abrupt reversal in Finnish policy is not possible within the scope of this book. According to the most convincing scholarship on the topic at least, and verifying earlier British doubts that Moscow had a very real interest in Nordek, the fragility of the Finnish line was probably due to Soviet intervention. With an eye to France's decision to lift its veto on enlargement, the Kremlin seems to have considered it a step too far that Finland, long considered part of communist Russia's sphere of influence, might join a Nordic bloc that was moving inexorably towards the EEC.[70] A power struggle between Finnish prime minister Mauno Koivisto and the president, Urho Kekkonen, may also have played a role.[71] But, regardless of the reason, the collapse of Nordek only added to the pall of gloom that had already descended over the SD. For it robbed Krag of a vital policy tool to manage the party on the EEC question. An element of damage control was already perceptible in mid-January, when the leadership rushed to use an SD extraordinary congress to restate the importance of Nordek.[72] And Krag thereafter continued passionately to argue for a Nordic union.[73] But, as shown by the party's recoil from the political aspects of The Hague agreement, these appeals were unlikely to be enough. The whole strategy of seeking to use a Nordic union as a vehicle to carry a swathe of SD members towards accepting some form of Danish entry to the EEC, and thus ensuring the party at large remained relatively united in favour of Community accession, had thus been considerably weakened by the Finnish response to The Hague summit.

Faced with a seemingly inexorable slide towards an anti-Market position that threatened to grow into a serious rift with more committed Europeans, Wilson and Krag each took remarkably similar steps to shore up support for the Six within their respective parties. This meant permitting a certain level of debate within the movements at large – both the PLP and Labour conference were offered several opportunities to express opposing viewpoints, while the SD's annual conference had a direct say over how the party should respond to

[70] Suvi Kansikas, '"Nordek is an anti-Soviet Group": The Soviet attitude to Finnish participation in the Nordek plan', in Jan Hecker-Stampehl (ed.), *Between Nordic Ideology, Economic Interests and Political Reality: New Perspectives on Nordek* (Helsinki: Finnish Society of Science and Letters, 2009).

[71] Juhani Suomi, *Taistelu Puolueettomuudesta. Urho Kekkonen 1968–1972* (Helsinki: Otava, 1996).

[72] Jens Otto Krags tale på Socialdemokratiets ekstraordinære kongres, 18 January 1970, box 831, SD, ABA.

[73] Forretningsudvalgsmødet, 6 May 1970, box 941, SD, ABA; Krags tale med d. tyske SPD partikongres, 13 May 1970, box 144, Krag papers, ABA.

the potential opening of negotiations – but clamping down very firmly on any senior figure who questioned the basic commitment in favour of membership. Peter Shore fell victim of this strategy when in March he was castigated for appearing to suggest that Labour was not actually sincere about joining the Six.[74] So too did the former finance minister Henry Grünbaum, who was reprimanded by Krag for daring to reopen the fundamental question of SD support for enlargement.[75] In many respects this common strategy worked. It meant, for instance, that Wilson was able to lead Labour into the general election called for 18 June on a manifesto stating explicitly that the party intended to pursue entry 'with determination […] provided that British and essential Commonwealth interests can be safeguarded'.[76] Despite the shock Conservative victory, it also allowed Wilson to remind Labour MPs that they had all stood on a platform officially supportive of enlargement. This proved crucial in defeating an anti-Community motion presented at the party conference held shortly after the new prime minister Edward Heath formally opened talks with the Six in Luxembourg on 30 June.[77] And it proved similarly effective in the October decision by the NEC to remain a member of Monnet's Action Committee for the United States of Europe, a symbolic demonstration of Labour's ongoing commitment to European integration following the party's return to opposition.[78]

The strategy brought similar rewards for Krag, not least at the September party conference. This admittedly saw a rather heated debate where delegates eventually agreed to an internal compromise delineating strict criteria for SD support for entry. From this emerged four specific conditions, reminiscent of those agreed in 1961: that Danish entry must occur simultaneously alongside Britain, that the Nordic states would each have to negotiate satisfactory arrangements with the Six, that Denmark would be absolved from adopting EPC, and that it would be equally excused from partaking in the Community's EMU. While curtailing the party leadership somewhat, however, this compromise did not seriously challenge the notion of EEC entry itself. Framing the debate as one about the conditions of entry rather than membership per se, placing a great deal of emphasis on the need for

[74] Castle, *The Castle Diaries*, entry, 26 March 1970, 782.

[75] Krag claimed that while 'a thorough discussion on all the problems' raised by membership would be necessary, this did not mean 'raising doubts' about Danish accession per se. Doing so, Krag claimed, would 'be the death for our party if we were divided about the Common Market'. Gruppemøde, 11 November 1970, Socialdemokratiets gruppeprotokol, 1968–72, FB.

[76] Labour Party, *Now Britain's Strong, Let's Make It Great to Live In* (London: Labour Party, 1970).

[77] LPAR 1970, 199–200.

[78] Note by McNally, Action Committee for the United States of Europe, 3 November 1970, NEC minutes, 25 November 1970, LHA.

party unity and collective majority decision-making, coupled with the astute choice by both Krag and Wilson to postpone the point at which the parties formally settled their support for entry until the outcome of negotiations were known, thus did enough to stave off any serious political bloodshed in 1970. So effective indeed was this act of party management that the Danish parliamentary debate on 11 November, which authorised the Baunsgaard government to conduct negotiations subject to all four Nordic states reaching settlements with the Six, saw no SD parliamentarian vote against the mandate.[79] A rare spirit of compromise thus appeared to reign over the two parties as they headed for the Christmas recess.

Joining Europe, becoming anti-EEC?: Labour

In reality of course such benevolence was always going to be short-lived. Predictability, perhaps, the Labour leadership's capacity to keep the party united on 'Europe' was severely handicapped by the fact that it was asking its members to support a policy now being pursued 'by intensely unpopular Conservative ministers'.[80] Quite how bitter a pill this was comes across very clearly when reading the swathe of resolutions sent to Transport House in the autumn and winter of 1970–71, almost all of which demanded a referendum on entry and criticised the leadership for having long ignored their views on the matter.[81] More challenging was Labour's more general leftward shift throughout the 1960s and a broader disillusionment with the achievements of the 1964–70 Wilson governments that this alteration helped engender.[82] *Tribune*, for instance, blamed the 1970 defeat on 'the policy which the government had pursued in office. This, above all else, characterised the future prospects of future Labour governments as bleak indeed'.[83] Whether on *In Place of Strife*, on the economy or on Vietnam, the leadership seemed ever more remote from the people it professed to represent. 'Europe' seemed ever more to be firmly part of this list.

The simmering unease within Labour finally erupted in early 1971 as the general outline of an agreement between Britain and the Six began to emerge. The speed and intensity of events was indeed staggering. At the heart of everything was the question of terms. On 21 January John Silkin,

[79] Gruppemøde, 11 November 1970, Socialdemokratiets gruppeprotokol, 1968–72, FB.

[80] Comments by Peter Stephenson, joint honorary secretary in the Labour Committee for Europe, in Editors, 'The Labour Committee for Europe', *Contemporary Record*, 7, 2 (1993), 386–416, here 402.

[81] For instance, Resolutions received, NEC minutes, 27 January 1971, LHA.

[82] On subsequent divisions, Dianne Hayter, *Fightback! Labour's Traditional Right in the 1970s and 1980s* (Manchester: Manchester University Press, 2005).

[83] *Tribune*, 26 June 1970.

a prominent member of the Tribune group of leftward-leaning MPs, put down an early day motion complaining about how poor was the likely offer that the Six would give Britain, a measure that eventually attracted the support of 132 of his colleagues – a handful of LCE members among them.[84] The Common Market Safeguards Campaign, chaired by Douglas Jay and set up in response to the February 1970 white paper, capitalised on this by running a series of newspaper adverts complaining that 'British affairs would increasingly be taken out of the hands of the British electorate' and warning that Heath would fail adequately to protect relations with other EFTA members, with the Commonwealth and especially with countries like New Zealand.[85] Crossman, having resigned from Labour's front bench to become editor of the *New Statesman*, similarly felt able to attack the party elite, using a February 1971 editorial to claim that Labour ought to reject all the terms being negotiated by Heath.[86] Meanwhile the first tranche of reports from the Joint Committee on the Common Market (JCCM) – an amalgamation of the NEC's home policy and international sub-committees set up earlier in December 1970 – offered more detail about what concerns Labour sceptics most disliked. One, penned in April, argued that the prohibition of state aid as set out by the Treaty of Rome would disproportionately affect less efficient industries operating in poorer parts of the United Kingdom.[87] Another centred on more familiar terrain – the impact of membership on food prices – and claimed that the Conservatives had vastly underestimated the cost to families. An increase of 2.5 per cent at the end of a five-year transitional period, as predicted by the government, was according to the JCCM in fact likely to be closer to 20 per cent on average and nearly 30 per cent for tropical foodstuffs imported from the Commonwealth.[88] Commenting on the implications of CAP at a gathering of the PLP, Shore claimed that the 'negotiations taking place are not genuine negotiations between equals; they are a surrender on the part of the government'.[89] The Tribune group was more prosaic: it called for 'concrete steps' to be taken to ensure the next party conference passed a motion flat-out opposing membership by urging local constituency parties and trade unions to rally against the leadership.[90] In

[84] *The Times*, 21 January 1971.

[85] Britain and the Common Market, attached to letter from Jay to Foot, May 1971, box MF/C3, Foot papers, LHA.

[86] *New Statesman*, 12 February 1971.

[87] Regional policy and the Common Market, RD.93/April 1971, LHA.

[88] The impact of the Common Agricultural Policy on food prices, RD.158/August 1971, LHA.

[89] Minutes of meeting, 20 May 1971, PLP minutes, 1970–71, LHA.

[90] Minutes of Tribune group meeting, 12 July 1971, RICH/3/1/6, Jo Richardson/Ian Mikardo papers, LHA.

this they had a high-profile supporter. For Jim Callaghan's proclamation that in an enlarged Community the 'language of Chaucer' was at risk of being usurped by French seems to have been deemed sufficiently problematic to make the former chancellor and now shadow home secretary nail his colours firmly to the anti-marketeers' mast.[91]

There were, naturally, attempts to counter Labour's anti-Community drift. Wilson himself spent the first half of 1971 reminding colleagues that a final decision could not be made until the outcome of the government's negotiations were known.[92] The decision to appoint Harold Lever, a pro-European on the right of the party, to be the party's Europe spokesperson further helped bolster pro-Community sentiments and in the process underlined that the Labour leader remained committed to entry. Tom McNally meanwhile did his best to minimise the significance of the Werner and Davignon reports dealing with EMU and EPC respectively.[93] And the most vociferous supporters of the Community came, as ever, from the well-financed Labour Committee for Europe and coordinated from its headquarters located along the road from Buckingham Palace. The strategy they intended to pursue, which emerged from an October 1970 meeting, built on the decision to invite Mansholt to the 1969 party conference and centred on targeting those 'at the "grass-roots" level' still unconvinced about the merits of entry.[94] The production of several admittedly quite dull publications, and 11 nationwide, and considerably more successful, meetings followed, all aimed especially at younger Labour members and blue-collar workers. These variously debunked the allegations of anti-marketeers and pointed to how trade opportunities provided by membership of the Six would help secure jobs in sectors like coal and steel.[95] And a rather more highbrow note was struck by the LCE when in mid-May it published a full-page advert in the *Guardian* – signed by 100 Labour MPs and various European socialist figures, including Krag, Hækkerup and Brandt – declaring unapologetically that the 'causes of social democracy, world peace and economic advance in both development and developing countries would be strengthened' by entry.[96]

[91] Text of speech at Southampton by-election meeting, 25 May 1971, box 90, Uncatalogued papers of Lord Callaghan (1971), Bodleian. On the speech as a weapon against the government, Kitzinger, *Diplomacy and Persuasion*, 300–2.

[92] Minutes of meetings, 14 January 1971 and 13 May 1971, both PLP minutes, 1970–71, LHA.

[93] Political implications of the EEC, May 1971, NEC minutes, 19 May 1971, LHA.

[94] Minutes of LCE meeting, 28 October 1970, STWT 10/1/3, Stewart papers, CAC.

[95] See, for instance, *The Common Market Talking Points* (February 1971), copy in box files 328.51 (1965–): Europe, LHA.

[96] *Guardian*, 11 May 1971, copy of article in box 1, Beever papers, LHA.

In reality, however, the actual ability to appease those who by now seemed vehemently opposed to membership regardless of the terms secured by the Conservative government was surprisingly limited. This was as true for the Heath government as it was for Labour. Among Tory MPs, Enoch Powell, who, though never entirely consistent in his views, had by 1970 become perhaps the most vitriolic in his criticism of entry, offered a passionate, patriotic denunciation of the negotiations that in many ways was a simple extension of his anti-immigrant views. But he was far from the only Conservative thinking this way and there was a vociferous band of Eurosceptics within Heath's own party.[97] This made it almost certain that the Conservative government, with its majority of just 30, would have to depend somehow on Labour parliamentarians in order to pass the necessary legislation for Britain actually to join the Six. Meanwhile, Healey's announcement in late May that he now backed membership – a conversion put down to a promised rise in living standards but shaded by a sense that anti-Europeanism was becoming ever more closely associated with the Labour left – only for the shadow foreign secretary to be forced into reverting back a few weeks later, was revealing of how tricky, if not farcical, was the situation in Labour.[98]

The response to the government's white paper on the benefits of entry, published on 7 July 1971, is best understood within this frame. The document avoided many of the pitfalls evident in the one released by Labour 18 months earlier, the main thrust of its argument far more political, almost emotional, than economic and informative in tone. But hidden in a morass of text variously appealing for post-war reconciliation and promising a second industrial revolution, were the same conclusions about the costs of living and the expected contribution to the Community budget as outlined in Labour's February 1970 document – 'the price we should have to pay for the economic and political advantages', as the government now put it.[99] Already well before its release, Tony Benn, against Wilson's wishes, had successfully pushed through the NEC a motion requiring that the party hold a special conference to discuss the white paper ahead of any parliamentary vote on entry.[100] But the conference, held eventually on 17 July, need not

[97] Nicholas J. Crowson, *The Conservative Party and European Integration since 1945: At the Heart of Europe?* (London and New York: Routledge, 2007), 37–40. For the impact of Conservative divisions on the parliamentary debate, N. Piers Ludlow, 'Safeguarding British identity or betraying it? The role of British "tradition" in the parliamentary "great debate" on EC membership, October 1971', *Journal of Common Market Studies*, 53, 1 (2015), 18–34.

[98] *Daily Mirror*, 25 May 1971.

[99] *The United Kingdom and the European Communities* (London: HMSO, 1971). For Heath's announcement, *Hansard*, HC Deb, 7 July 1971, vol. 820, cols. 1338–41.

[100] Motion submitted by Benn, NEC minutes, 16 December 1970, LHA. In a sign of

have been a crucial episode for Labour. After all, conference decisions were not considered automatically binding by the leadership, and were even less relevant where they clashed with majority opinion in the shadow cabinet, NEC or PLP.[101] And Wilson did also ensure that the shadow cabinet had the final say on the matter, making the special conference advisory in all but name.[102] What the conference did do, however, was crystallise for public and party officials alike quite how deep and seemingly irreconcilable were Labour's splits over whether the terms were adequate. The pros, almost embarrassed about food prices and unable to deny that membership would see Britain pay hefty sums into the Community coffers, tried to fend off attacks by switching focus to the pragmatic political benefits of entry and the perilous lack of viable alternatives. Antis meanwhile stuck either to sentimental hooks – the Commonwealth featured heavily – or good, solid Labour causes: the impact on the standard of living, a perceived failure by the Conservative government to fend off higher food prices, the fear of capitalism, the negative consequences for Britain's social services and the expectant decline in working conditions. For anyone watching, Labour's 'broad church' looked ever more an irreparable religion.

Still more damaging was that the special conference required Wilson finally to adopt a firm position on entry. And when he did, there were of course the customary and probably genuine references to the terms being essential. But Wilson also used his speech to criticise the agreements reached on Commonwealth sugar, New Zealand meat and dairy and the question of Britain's budgetary contribution. Were he prime minister, Wilson maintained, he would therefore not recommend a vote for entry on the terms so far secured.[103]

How should we explain Wilson's decision? The argument most often made – that the Labour leader fell in line when the party titled against joining – has obvious merit.[104] One of Wilson's perennial concerns undoubtedly was how to juggle the competing Labour factions and maintain a relatively stable, unified party.[105] This was always going to prove an awkward task with

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just how divided was the party, the NEC split evenly on Benn's motion. The stalemate was eventually broken when the pro-Community LCE member Shirley Williams, citing concerns about democratic accountability, cast a vote in favour of a special conference.

101 The day before the special conference, the PLP was, for instance, still fairly evenly balanced. Minutes of meeting, 16 July 1971, PLP minutes, 1970–71, LHA.

102 Minutes of meeting, 30 June 1971, NEC minutes, 23 July 1971, LHA.

103 For speeches at the conference, Labour Party, *Labour and the Common Market: Report of a Special Conference of the Labour Party, Central Hall Westminster, 17 July 1971* (London: Labour Party, 1971), in box files 328.5101 (1961–75): Pro-EEC, LHA.

104 Pimlott, *Harold Wilson*, 590.

105 Author's correspondence with Joe Haines, January 2008.

regard to Europe. Just two days earlier the Transport and General Workers' Union, now headed by noted firebrand Jack Jones, had voted overwhelmingly to reject membership, echoing earlier verdicts by the National Union of Mineworkers (NUM), the Electrical Trade Union (ETU) and the TUC as a whole.[106] The nature of the bloc vote – the TGWU alone stood to cast about 1 million ballots at the Labour conference – meant the party was never going to support a pro-Community position. The professed disillusionment with EEC membership of many a constituency party in turn helped ensure that this was a 'bottom up' revolution as much as one orchestrated by union elites. Against this backdrop it is perhaps unsurprising that, as the *Daily Mirror* gloomily put it, Wilson's 'calculated decision was to lead his troops from behind'.[107]

Had he wished, the Labour leader could probably have carried his party towards accepting membership. The divide between the ever vehement anti-marketeers and committed Labour Europhiles was admittedly not going to disappear overnight. But the rise of the left was not as serious or comprehensive as its rhetoric often suggested. Cabinet for one could probably have been won over. With Crossman's resignation only five members – Castle, Shore, Peart, and Willie Ross and George Thomas (the shadow secretaries of state for Scotland and Wales respectively) – were considered firmly against. By contrast, four of the Labour cabinet – Jenkins, Stewart, Thomson, Harold Lever – were enthusiasts of British entry, and three more – Crosland (shadow secretary of state for the environment), Roy Mason (shadowing Board of Trade) and Cledwyn Hughes (shadow agricultural secretary) had always supported the principle of membership. The PLP, meanwhile, was also still largely loyal to Wilson, heeding his calls for calm in the aftermath of the July conference vote.[108] And unspoken but obvious was that relatively few MPs coveted a situation in which the left ascended to the top of the party machinery. This was made obvious by the fact that those variously from the Labour right committed to a social democratic vision of Britain's future continued to do very well in the various party elections after the 1970 general election. Jenkins, for instance, remained deputy leader despite both his very strong denunciation of the special conference vote at a meeting of the PLP on 19 July and a November challenge for his position from Michael Foot and Tony Benn.[109]

[106] For a sense of trade union opposition, TUC, *Annual Report* 1971, 308–28, 467–87.

[107] *Daily Mirror*, 16 May 1971.

[108] Minutes of meeting, 20 July 1971, PLP minutes, 1970–71, LHA.

[109] Minutes of meeting, 19 July 1971, PLP minutes, 1970–71, LHA. The votes in the first round were Jenkins 140, Foot 96 and Benn 46. With Benn eliminated the second round saw a closer battle, but Jenkins emerged victorious, with 140 votes to Foot's 126.

Pro-Community figures like Thomson, Shirley Williams and Lever, for their parts, actually improved their support in subsequent shadow cabinet elections. And Douglas Houghton, a pro-European also on the party's right wing, was easily re-elected to serve a four-year term as PLP chair. The most important levers of power appeared still to be in the hands of Labour pro-Europeans.

Two rather more baleful factors might therefore better explain Wilson's actions. One is that his decision seemingly to turn against entry was made under the threat of the trade unions withdrawing funding. Wilson himself received reports that Labour marketeers had been forewarned they might lose financial help in the next election and perhaps even face possible deselection should they not reject membership: 'toe the [anti-Market] line or join the Tories' was the message received by one MP.[110] No political leader, however convinced of a cause, could ignore the financial and electoral costs of a party losing its biggest monetary backers, especially when having only recently been defeated in a general election campaign. The other reason has to do with Wilson's own position as leader. At least one observer of the July 1971 special conference was told that Callaghan had positioned himself as a potential leadership successor and was willing to use the trade unions to boost his support. Wilson, according to this line of reasoning, apparently worked to 'avert this challenge from Callaghan. It was said to me that if Wilson had not done so, his position as party leader would have been seriously threatened'.[111] In a battle between supporting EEC membership and keeping the reins of power, the latter was always going to win.

At a European level, though, the Labour leader's opposition was far less emphatic than his conference speech seemed to suggest. The first hint of this was in the relative privacy of the socialist leaders' meeting in Helsinki, where Wilson addressed doubts about his actions by reaffirming Labour's fundamental commitment to entry.[112] The quality of the discussion was such that McNally, himself supportive of British membership, was laudatory about the 'political value in the direct personal contact between party leaders'.[113] A still more substantial indication of quite how little Wilson had moved from his earlier positive stance on British membership came at a further meeting of socialist party leaders held in Salzburg two months later.

[110] Wilson to Kitson, 19 November 1971, MS Wilson c.903. Wilson papers, Bodleian.

[111] Rapport fra det britiske arbejderpartis ekstraordinære congress, 4 September 1971, Da. box 0044, Per Kleppe papers, ARBARK.

[112] Krag's handwritten notes from Socialist International meeting, box 144, Krag papers, ABA.

[113] Report by McNally, Socialist International conference, 7 June 1971, NEC minutes, 23 June 1971, LHA.

Keen to impress on his colleagues the prospects of a new administration under his leadership, Wilson on this occasion told colleagues that he was 'still basically very much in favour of progress towards European unity' and that 'a future Labour government would not endeavour to take Britain out of the Common Market once she was in'. What mattered for the moment was that the Labour Party could lay aside its divisions and concentrate on holding the Conservative government to account. Objecting to Heath's terms seemed in this sense the most appropriate way to do this.[114]

All of this suggests that Wilson's shift on the issue towards qualified opposition was due rather more to tactics than any Pauline conversion that suddenly made him genuinely oppose British EEC membership.[115] Indeed, as late as February 1971 Wilson had confided in Roy Jenkins, still shadow chancellor, that he hoped the party would eventually support membership.[116] And the idea that Wilson was not genuinely against entry is given still greater weight by the fact that there were few signs of an immediate collapse in the Labour leader's support for British EEC membership within the various decision-making organs of the party. On the contrary, Wilson showed a steely determination to ensure the party did not reject entry outright. Last-minute political manoeuvring, which saw the NEC and the conference confirm its disagreement with the terms of entry rather than principle, thus offered a glimmer of light for pro-Europeans like Jenkins and Wilson alike.[117] As Stewart wrote in his diary, Wilson's actions meant that the 'party will be saved from the folly of committing a future Labour government to getting us out'.[118]

Accompanying such an approach, inevitably, was a necessary transition to an anti-Community platform over the short term. This emerged first when Wilson supported an NEC motion, passed within days of the special conference, confirming his decision that far better terms needed to be secured before the Labour Party would support British membership.[119] And it was followed up three months later during the parliamentary 'great debate' of October 1971, during which MPs were asked to deliver a first vote on the Accession Treaty that would formalise British EEC entry. This produced a slightly unusual situation where Labour MPs noted for their loyalty to the

[114] Notes on Salzburg party leaders, September 1971, box 1227, SD, ABA.

[115] Wall, *Britain and the European Community*, 415–20.

[116] Roy Jenkins, *A Life at the Centre* (London: Macmillan, 1991), 316.

[117] Minutes of meeting, 28 July 1971, NEC minutes, 1971, LHA.

[118] Stewart diary, entry 6 September 1971, STWT 8/1/7/diary 71–72, Stewart papers, CAC. NEC 4 October 1971 rejects total opposition; 87 support Stewart's amended in PLP on 19 October.

[119] Minutes of meeting, NEC 20 July 1971, LHA.

leadership suddenly found themselves opposing the front bench position.[120] To add to the somewhat bizarre turn of events, one pro-Community MP even quoted extensively from a staunchly pro-European speech Wilson himself had given.[121] Proceedings took on a darker edge though following Wilson's decision to rule out a free vote on the issue – a sign of quite how dogmatic were leftists in the PLP and shadow cabinet. For the newer cohort of Labour parliamentarians like Hattersley and David Owen (Plymouth Sutton), defying the party leader and voting to support a Conservative government was less problematic. But for shadow ministers like Jenkins, who still held out some hope of securing the leadership himself, and George Thomson, who had worked closely on the 1967 membership bid, this was a move of profound political proportions. It was thus in many ways a reluctant 68 Labour MPs who chose to ignore Wilson's three-line whip and side with the Heath government in supporting entry. Twenty MPs, meanwhile, abstained. The one saving grace was that, given the Conservative party's own divisions on the question, such Labour defiance was itself crucial to swinging the balance in favour of entry.[122] Quite what Wilson thought of all this was again recorded by Stewart in his diaries, the Labour leader apparently increasingly 'unhappy and degraded' by the fact that he had to campaign against membership only to placate the anti-Community portions of Labour's ranks. True or not, it did mean that 'no entry on Tory terms' became the leitmotif of the normal annual conference held later in October.[123] Against such a backdrop, and when at the third time of asking Benn won support from the shadow cabinet for a referendum on continued EEC membership – something Wilson again initially resisted only to be outmanoeuvred at the eleventh hour – many were left to question why the subsequent resignations of Jenkins, Thomson and Lever had not in fact happened earlier.[124]

[120] *Hansard*, HC Deb, 28 October 1971, vol. 823, col. 2148.

[121] *Hansard*, HC Deb, 27 October 1971, vol. 823, col. 1828.

[122] The final vote for 356 votes to 244. For a sense of the debate, Ludlow, 'Safeguarding British identity or betraying it?'; Wall, *Britain and the European Community*, 405–56.

[123] Labour Party, *No Entry on Tory Terms: The United Kingdom and the European Communities* (London: Labour Party, 1971), copy in box files 328.51 (1965–). The NEC motion passed with 5,073,000 votes to 1,032,000.

[124] Minutes of meeting, NEC minutes, 29 March 1972, LHA. The shadow cabinet were in favour of a referendum 8 votes to 6, but key figures against a referendum such as Healey and Willie Ross, the shadow Scottish secretary, were absent for the vote.

Joining Europe, becoming anti-EEC?: The SD

Krag watched these developments with the greatest unease.[125] Following the collapse of Nordek, neither the SD leader nor his pro-Community colleagues appear to have been ignorant of the fact that Danish entry on the coat-tails of British accession to the Six once again represented the best chance of joining the Community. The fear of course was that Labour's position might undermine the application, especially since Heath had to contend with both a narrow parliamentary majority of just 30 and a number of EEC rebels among his own ranks. Contingency plans – among which were revitalising Nordek, reforming EFTA and expanding East–West trade – were hence drafted with at least one eye on the domestic political debate in Britain.[126] More problematic an issue was that the events which had rocked Labour since its return to opposition in June 1970 probably foreshadowed a split in the SD. Krag himself was more than aware of this and responded by stressing a cautious, almost hesitant view of EEC membership. Such a strategy reached its peak in July 1971 with the SD leader's notorious *Aktuelt* article entitled 'We are reluctant Europeans'[127] – conduct rather unfavourably referred to by the *Guardian* as Krag's 'Wilsonian role of keeping his political options open'.[128] By then, however, party divisions already seemed intractable.

The most immediate question to be confronted was how to soothe concern within the SD about the Six's plans to establish EMU. Keenest to navigate the party through the fierce debate that had enveloped it by early 1971 were Per Hækkerup, the former SD foreign minister and now its economic and budget spokesperson, and the ever-present Ivar Nørgaard. Drafting of the internal compromise discussed above had done little really to arrest doubts that EMU would not seriously restrict Copenhagen's control over fiscal and monetary matters. Large sections of the SD responded to the publication of the Werner report in October 1970 by pointing out how extensive were its provisions, especially those relating to a single European currency and tax harmonisation.[129] Hækkerup and Nørgaard each combined to overcome this criticism, the former making clear that the EMU proposal as it stood was likely to be revised anyway,[130] and the latter outlining a series of reservations that, he urged, ought to form part of the government's own negotiations

[125] Statsminister Krags udtalelse i anledning af afstemingen i det britisk underhus, 28 October 1971, box 119, Krag papers, ABA; Krag to Janitschek attaching Krag's comment on the vote in the British House of Commons, 28 October 1971, box 1227, SD, ABA.

[126] Carlsen to Andersen, 28 December 1970, box 968, SD, ABA.

[127] Transcript of article for *Aktuelt* in box 23, Krag papers, ABA.

[128] Copy of *Guardian*, undated, in box 120, Krag papers, ABA.

[129] Forretningsudvalgsmøde, 10 November 1970, box 110, AE, ABA.

[130] *Demokraten*, 31 December 1970.

with the Six.[131] But while their determination to free the SD from its internal trouble was obvious, the subsequent emergence of a faction within the SD – the Social Democrats against the EEC (Socialdemokrater mod EEC), a group comprising both actual and prospective parliamentarians and figures from local party committees – demonstrated the extent to which such appeals had terrifyingly limited effect. And this strategy was hampered still further by a personal dispute between Hækkerup and Nørgaard which revealed a fundamental divergence of thought over what were the best tactics to pursue. The answer, Hækkerup insisted, was not to denounce EMU and pressure the government in order to extract an opt-out for Denmark as Nørgaard continued to do over the spring, but rather to make a positive case for European policy and spell out more clearly the benefits to Denmark of some sort of cooperation in economic and monetary affairs.[132] Splits at a wider party level were in other words accompanied by equally fraught relations between the SD hierarchy.

Over the weeks that followed, this picture became still more complex as doubts emerged over whether the arithmetic existed to pass legislation cementing EEC membership into Danish law. Vital in this respect was of course the requirement that any bill transferring sovereignty to an international body receive at least five-sixths parliamentary support. Admittedly, splits in Baunsgaard's Social Liberals were a likely obstacle in this regard. But it was uncertainty with the SD – which through the foibles of the Danish political system was at this point still in opposition but was by some measure the single largest group in parliament – that caused most alarm. Not unlike Labour, the SD had suffered a leftward tilt of late, with a new, younger, more radical membership far less reverential towards the traditional power structures of the party. So widespread indeed were these tendencies that Krag had no choice but to allow prospective parliamentary candidates to stand for the SD despite publicly disagreeing with the party's official policy in support of the EEC.[133] Little wonder then that in late April Krag privately suggested to Baunsgaard the idea of a referendum as a way of surmounting current and future opposition in parliament.[134] By early May he seems to have settled on the idea.[135] And a somewhat ill-judged outburst by Hækkerup a few weeks later confirmed that the SD would

[131] See, for instance, *Ny Politik*, Feburary 1971.

[132] Gruppemøde, 11 May 1971, Socialdemokratiets grouppeprotokol 1968–72, FB; Ramussen, 'Joining the European Communities', 398–401.

[133] *Aktuelt*, 21 August 1971.

[134] Hans Martens, *Danmarks ja, Norges nej: EF-folkeafstemningerne i 1972* (Copenhagen: Munksgaard, 1979), 30.

[135] Lidegaard, *Jens Otto Krag II*, 542.

indeed offer a vote.[136] A highly public display of internal party strife and disunity had hence been avoided in the immediate future. And it relieved Krag of the need to defend his support for membership in the upcoming September election. But the choice of a referendum was itself evidence of the SD leadership gradually losing its grip on a substantial minority of the parliamentary party. While it may have brought a short-term reprieve, it hence seemed only to delay an inevitable public spat.

All too quickly the readiness of those critical of membership to question the stance of the SD leadership became evident. Senior figures like Hans Rasmussen and MP and union leader Anker Jørgensen were among the first to restate their scepticism.[137] The Social Democrats against the EEC group – whose ranks now included parliamentarians Poul Grosen, Dines Schmidt Nielsen and housing spokesperson Helge Nielsen – similarly redoubled its criticisms of the EEC, emphasising very much that the political nature of the Community might lessen the SD's domestic room for manoeuvre.[138] Things took on a still gloomier edge when a handful of prospective parliamentary candidates – Ritt Bjerregaard, Helle Degn and future party leader Svend Auken – joined with old hand Knud Heinesen to announce their decision to reject Danish EEC membership since the whole character of EPC was likely to be Atlanticist and would thus reinforce Denmark's NATO membership – just some of the 25–30 SD parliamentarians now thought likely to oppose entry.[139] And a further measure of the task facing Krag and his colleagues materialised at the SD's extraordinary August conference. The somewhat ambiguous proposal eventually accepted by Krag in the hope of avoiding any severe meltdown over the principle of entry, and drafted originally by a well-coordinated group of anti-Community advocates led by long-serving MP Frode Jakobsen, suggested that the SD could refuse to accept the outcome of Denmark's own referendum were Norway's plebiscite to yield a 'no' vote.[140] On paper at least, Krag had thus secured the support of this party in favour of Denmark joining the Community. But this was highly conditional. In reality the hurdles that would need to be overcome for the SD fully to support Danish entry had been considerably enlarged.

The SD's return to office in October 1971 was thus a rather unhappy affair. The urgency with which Denmark needed to find some route to the

[136] Forretningsudvalgsmøde, 3 May 1971, Forhandlingsprotokol for Socialdemokratisk forbunds Hovedbestyrelse og forretningsudvalg, 1960–69; 1972, SD, ABA.

[137] Ramussen, 'Joining the European Communities', 420–21.

[138] Jensen, 'Socialdemokratiets markedspolitik', 25.

[139] Forretningsudvalgsmøde, 31 March 1971, Forhandlingsprotokol for Socialdemokratisk forbunds Hovedbestyrelse og forretningsudvalg, 1960–69; 1972, SD, ABA.

[140] Lidegaard, *Jens Otto Krag II*, 53.

Community was underscored almost immediately upon Krag's arrival back at Christiansborg. For the now prime minister was forced immediately to impose a 10 per cent surcharge on scores of imports in order to ease Denmark's worsening balance of payments problem – a somewhat ironic move given the level of anger Labour's 1964 charge had aroused in the SD leadership. Alongside these measures, the SD leadership spent a good deal of his time rebutting anti-Community claims about the challenges of entry with arguments of their own. Krag especially emphasised the connotations of non-entry for the agricultural and commercial sectors and the encouraging deal struck between Brussels, Oslo and Stockholm to secure their own relations with the Six.[141] And all the while Nørgaard, once again the minister for European and Nordic affairs, stressed how Denmark would retain control of fiscal, social, foreign and monetary policy.[142] Despite such attempts, however, there continued to be a variety of party members opposed to entry. Opposition reached its climax in mid-December, when the party could not even agree who could speak in a parliamentary debate on the signing of the Treaty of Accession.[143] And those opponents who did deliver speeches – Jakobsen, Auken and Bjerregaard – insisted first that membership would curtail Danish sovereignty (education, welfare, economic and foreign policy would, they claimed, all be at the mercy of Brussels) and second that a free trade agreement between Nordek and the Community offered a viable alternative to membership.[144] That 141 parliamentarians supported signing the Treaty of Rome was indication enough that these doubts were confined to the minority. But this figure itself was shocking, for it failed to reach the magic five-sixths threshold. And of the 32 members who voted against, nearly half were members of Krag's own party.[145] A referendum was thus now a constitutional certainty.

Krag and Nørgaard were thus obliged to balance their ongoing desire to join the Community with attempts to manage a solid minority of party members still vehemently opposed to the idea.[146] This was never going to be an easy task. The problems posed by the less than total support for entry

[141] Udkast til statsminister Krags nytårsudtalelse, 28 December 1971, box 122, Krag papers, ABA.

[142] Mulighederne for at føre en selvstændig skatte- og socialpolitik efter dansk medlemskab af EF, 9 November 1971, box 66, Krag papers, ABA.

[143] Gruppemøde, 15 December 1971, Socialdemokratiets gruppeprotokol, 1968–72, FB.

[144] For the debate, Folketingets forhandlinger, 1971–72, cols. 1482ff., 15–16 December 1971.

[145] Statsminister Krags tale ved undertegnelses-ceremonien i Bryssel, 22 January 1972, box 119, Krag papers, ABA; *Ekstra Bladet*, 12 October 1971.

[146] See Rasmussen, 'Joining the European Communities', 452–57 on timing of decision on referendum, and 480–95 for debate on reading of law. The final vote was 141 in favour and 34 against – that is, 5 short of the five-sixths majority.

among the parliamentary party were accentuated by the fact that the trade union movement so clearly objected to Danish membership. Admittedly the LO itself never really budged from supporting entry so long as it took place alongside Britain. But two of the organisation's most significant members who by far represented the highest number of unionised workers – the DAF and DSM – each reviled the EEC. That the LO's May 1972 conference voted narrowly in favour of membership, and the SD's autumn extraordinary congress returned a 3:1 margin in support of entry, therefore masked the fact that at a rank and file level huge numbers of voters would be swayed by the DAF and DSM committees.[147]

The last few months of the campaign were consequently characterised by frantic activity. One aspect of the debate that undoubtedly helped Krag was the economy. Anti-Community opinion among trade unions and the party's MPs seems to have been grounded in the belief that Community membership represented an unacceptable infringement on Danish politics and implied too great a transfer of sovereignty to Brussels. Concerns over EMU and the emergence of EPC was part of this, but so too did anxieties related to freedom of movement – alarm at Germans owning Danish summer cottages featured prominently – and the impact of membership on Denmark's much cherished universalistic, tax-financed welfare state, not least in areas related to labour law and state pensions.[148] Concerned as voters no doubt were about these political elements, however, they appear to have been far more taken with the main thrust of Krag's argument that, without joining, Denmark would no longer be able to afford the same welfare standards. And after years of arguing as much, so too did voters seem to recognise that important sectors of the economy, such as agriculture, whose firms contributed large amounts in excise, would suffer inexorably should Denmark be unable improve its trade figures and finally resolve its balance of payments.[149] As opinion polls in the run up to referendum day showed, the centrality of the economic argument tapered the very real political concerns that people – especially SD voters – had about the EEC.[150]

Still more radical, and on the face of it rather surprising, was the intervention of Labour in the referendum campaign, assistance which came in two forms. The first type of help was informal advice offered privately by

147 Exemplified by Krag's speech at the congress, Socialdemokratiets formand statsminister Krags tale på den ekstraordinære kongres, 10 September 1972, box 846, SD, ABA.

148 Norden eller EF: En rapport by Karl Hjorntæs, box 846, SD, ABA.

149 Udkast til statsminister Krags tale ved Socialdemokratiets sommerstævne på Hindsgavl, 20 August 1972, box 122, Krag papers, ABA.

150 On opinion polls, Morten Rasmussen, 'The hesitant European: History of Denmark's accession to the European Communities 1970–73', *Journal of European Integration History*, 11, 2 (2005), 47–74, here 71.

the Labour Committee for Europe. Already in March the LCE had agreed to dispatch a delegation to Denmark variously comprising pro-Community Labour MPs, various trade union officials, representatives of constituency parties and Labour's international secretary, Tom McNally.[151] Krag's welcome on their arrival at his official residence, Marienborg, on 9 June – in which the SD leader drew the obvious parallels between the SD's plight and the challenges faced by Labour, before reinforcing the importance of the links between the two parties ('planned and coordinated action in the best way of attaining results for the labour movements', as he put it) – indicated the purpose behind the LCE's trip.[152] For the two-day gathering would provide the basis for Labour's pro-Community advocates to share their experience of dealing with a party split and moving ever closer to an anti-EEC outlook. And even if this did not make for particularly encouraging listening, fresh sets of eyes could illustrate possible best practices to help avert a no vote.[153] This could then be put to good use when managing the party in the run up to the October vote.

This exercise in information sharing was followed by a second, rather more direct form of intervention on the eve of the referendum vote. It sprung from a decision for an eminent figure from the Labour Party – someone 'direct, clear, positive, sincere', and not 'used to the British ways of politeness, modesty and understatements' – to be interviewed as part of a televised news conference extolling the virtues of the Community, the SD suggesting that with Wilson's permission this person might be George Brown. According to a list of topics highlighted by the SD as needing to feature in Brown's answers, the interview would help to undermine some of the political arguments used by sceptics in the campaign. In addition to stating that Britain wanted Denmark to join and that Denmark would be isolated from both Britain and its Nordic counterparts should people use the referendum to vote against entry, would hence come the stark messages that a future Labour government did not intend to withdraw the United Kingdom from the Community, that Labour youth (David Owen was mentioned specifically) supported joining, and that Labour foresaw no danger in foreign labour coming to Britain.[154] Brown was keen not only to relay each of these points but went beyond them: the arguments of Eurosceptics, the former

[151] Minutes of LCE general meeting, 14 March 1972, STWT 10/1/5, Stewart papers. CAC.

[152] Udkast til statsministerens eventuelle introduktion af George Thomspon [*sic*], 10 June 1972, box 122, Krag papers, ABA.

[153] For the range of topics due to be discussed, Visit by the British Labour Committee for Europe delegation to Denmark, 6 June 1972, box 122, Krag papers, ABA.

[154] Foss to Krag, attaching note Introduktion til TV, 29 September 1972, box 119, Krag papers, ABA.

foreign secretary noted, were so irrelevant that come accession on 1 January 1973 they too would be glad Denmark had joined.[155]

Success in the 2 October referendum – with over 63 per cent of voters backing entry on a record turnout of 90 per cent – thus marked more than a victory for Krag.[156] Fundamentally, it provided an example of precisely what this book has throughout sought to show; namely, the weight and impact of links between Labour and the SD as they each sought to respond to the European integration process and accomplish specific party political goals. Labour's intervention in the last months of the campaign was based on a range of rather unique issues peculiar to the party. There was doubtless an element of fraternity in Wilson's decision to sanction Labour involvement in the campaign. But it was in the Labour leader's own interests to permit Brown to travel to Copenhagen, as it was to authorise McNally's involvement in the visit to Marienborg three months earlier – all despite Labour having adopted a stance officially opposed to Britain joining the Community under Heath. For the Labour elite were still clearly concerned about the implications of Nordek and its potential resurgence should Denmark not accede to the Six, an apprehension no doubt magnified given the Norwegian no vote a week earlier. And as Stewart's diary entry for 10 September reveals, Wilson was also desperately depressed that a 'no' vote in Denmark, especially if due in large part to the efforts of SD Eurosceptics and left-wing voters, would increase demands from Labour's own Community opponents for Britain to withdraw regardless of the terms – the very action that the Labour leader had long tried to avoid. Such an outcome, Stewart remarked, would simply 'make the situation inside the Labour Party even worse'.[157] Having the SD support membership in October 1972 did not of course eradicate Labour's problems over night. But it did make Wilson's twin tasks of keeping Britain in the Community and maintaining Labour unity on the matter a little easier. And it likewise prevented Nordek being revitalised in some form. Party as well as national interests were secured because of the close, often informal but extremely important relationship that had formed between Labour and its Danish counterpart.

[155] *The Times*, 2 October 1972.

[156] On the referendum, Nikolaj Petersen, 'Attitudes towards European integration and the Danish Common Market referendum', *Scandinavian Political Studies*, 1, 1 (1978), 23–42; Nikolaj Petersen, 'Holdninger til europæisk integration og EF-folkeafstemningen 1972', *Økonomi og Politik*, 50 (1976), 24–51.

[157] Stewart diary, entry 10 September 1972, STWT 8/1/7, Stewart papers, CAC.

Conclusions

Enlargement of the EEC on 1 January 1973 constituted an extraordinary landmark in contemporary British and Danish history. At a practical level, of course, accession was a welcome moment of pause in what had at times been a gruelling and rather acrimonious process. The question of acceding to the Community had indeed managed to suck up much of the political oxygen in London and Copenhagen for well over a decade; now the matter appeared finally to have been resolved. Far more fundamental, however, was that the successful fruition of the British and Danish bids marked the ultimate acknowledgement that the path of integration embarked upon by the Six had essentially been the right one. Having long prioritised relations beyond the confines of the EEC and alternative frameworks of cooperation with it, the signing of the Accession Treaty in January 1972 and its coming into force twelve months later represented the bookend of a period of readjustment in Britain and Denmark's views of themselves and the world around them. And yet enlargement was also a transition that would condemn both countries to years of further debate and self-examination about how far they each ought to be embroiled in an organisation set to take on an ever more overt political, economic and social character. An intense and arduous chapter had doubtless come to a close, but still more substantial and sour episodes stood in the offing.

The sheer exhaustion of the referendum campaign and the bitterness of the debates that surrounded it left an immediate mark on the SD. Krag was the first major casualty. It was just three days after the 2 October vote, following nearly seven years as prime minister and over 11 years as SD leader, that he chose to resign. But there did not end the acrimony. Krag's successor, trade unionist Anker Jørgensen, would immediately face a rebellion from SD parliamentarians who redoubled their criticisms of the Community's institutions and the general direction in which economic and monetary union was heading. Much of the next year was subsequently spent

playing down the domestic ramifications of entry. Amid continuing internal turmoil, however, something was always going to give, and in the general election of December 1973 the SD lost a third of its seats and with it the right to form a government.[1] This merely emboldened those already dissatisfied with the new status quo. In office once more from 1975, first in a grand coalition with the Agrarian Liberals and later as a minority government, the SD consequently opposed the European Council's decision to introduce direct elections if it meant elevating the legitimacy and authority of the European Parliament. During the ensuing wilderness years – the SD was again out of power from 1982, this time for 11 years – the party also argued about whether to support the Single European Act, an agreement regarded by many as an unhealthy compromise between federalists on the one hand and Margaret Thatcher and City of London financiers on the other. And while later welcoming the Community's burgeoning social and environmental dimension, portions of the SD likewise met the creation of the single market and common currency with ambivalence amid fears that the Danish welfare state might suffer from the harmonisation of duties and taxes. The Danish 'no' vote in the Maastricht referendum of June 1992 served only to indicate that many of the SD's own voters shared in this uncertainty.[2]

The consequences for Labour were no less profound. Five days before the Christmas break the NEC backed yet another resolution condemning the conditions of entry negotiated by the Conservative government.[3] And on the very day that Britain joined, Wilson himself used a newspaper article to indict Heath for securing 'utterly crippling terms' and joining the Community 'without the support of the British people'.[4] Renegotiation and referendum hence dominated Labour's return to office in 1974, by which time Wilson was once again a convert to the Common Market cause. The result of the plebiscite on 5 June 1975, in which two-thirds of voters sided with the prime minister, was in this sense as much a personal victory as it was a political one. Job done, Wilson like Krag saw fit to leave party and office on a positive note of sorts. But Labour's membership pains were to endure well beyond its leader's resignation. For against a backdrop of declining economic fortunes and escalating social instability in the latter half of the

[1] For more on the referendum, Nikolaj Petersen and Jørgen Elklit, 'Denmark enters the European Communities', *Scandinavian Political Studies*, 8 (1973), 198–213.

[2] For an overview of SD policy from the 1970s, Jens Henrik Haahr, 'European integration and the left in Britain and Denmark', *Journal of Common Market Studies*, 30, 1 (1992), 77–100; Jens Henrik Haahr, 'Pleasing the voters or maximising influence? The Danish SDP and European monetary integration', in Ton Notermans (ed.), *Social Democracy and Monetary Union* (New York and Oxford: Berghahn Books, 2001).

[3] Minutes of meeting, 20 December 1972, NEC minutes, 20 December 1972, LHA.

[4] *The Times*, 1 January 1973.

1970s, a radical anti-European wing, ever more closely associated with the left of the party, slowly took hold of Labour's decision-making mechanisms. In this environment adhesion to the Community was seen increasingly as something which obstructed the successful implementation of 'socialist' policies.[5] James Callaghan, Wilson's successor, thus headed into the 1979 election as leader of a party divided like never before. On losing to Thatcher and with Michael Foot at the helm between 1980 and 1983, Labour lurched still further towards a hard left political platform, rejecting continued EEC membership and in the process accelerating the decision of social democrats centred around Roy Jenkins to break away and form the Social Democratic Party.[6] It would take the efforts of Foot's immediate successor as leader, Neil Kinnock, and then John Smith and Tony Blair after him, to soothe the party's divisions and help Labour regain its pro-European credentials.

All put another way, Krag and Wilson both managed ultimately to steer their countries towards the Community but did so at great expense to the longer-term unity and electability of their own parties. What, then, can we learn by going back to the formative stages of Labour and SD responses to the integration process? Five important conclusions stand out. The first centres on the evolution of the parties' policies in the months following the collapse of the FTA. As was recalled at the beginning of the book, the emergence of the Six as a distinct and potentially powerful economic and political unit at the heart of Western Europe quickly necessitated a response from those countries who felt unable to adhere to the Treaty of Rome discussions. For both Labour and the SD, a British-inspired broader, looser intergovernmental free trade area encompassing all 17 OEEC members immediately appeared the best answer to this conundrum. Apart from the obvious commercial advantages for British firms, Labour like the Conservative government believed that the FTA, publicly announced in July 1956, would frustrate the integration efforts of the Six and provide an alternative to the Common Market should it in fact never materialise or, in the event that it did, act as a counterweight to the economic and political prevalence of the Community. For the SD, meanwhile, Danish participation in the FTA would allow Copenhagen to pursue a Nordic common market while uniting its two major markets under one economic roof. A

[5] On Labour European policy in the 1970s, among others, Matthew Broad, 'Awkward partners? The British Labour Party and European integration in the 1970s', in Guido Thiemeyer and Jenny Raflik (eds), *European Political Parties and the First Direct Elections to the European Parliament* (Baden-Baden: Nomos, 2015); Hayter, *Fightback!*; Stephen Meredith, *Labours Old and New: The Parliamentary Right of the British Labour Party 1970–79 and the Roots of New Labour* (Manchester: Manchester University Press, 2008).

[6] On the SDP, Ivor Crewe and Anthony King, *SDP: The Birth, Life and Death of the Social Democratic Party* (Oxford: Oxford University Press, 1995).

Europe-wide industrial group might, it was hoped, even help lead the way to a multilateral agreement on agricultural free trade. Not only would a harmful economic and political division of Western Europe therefore be averted, but it promised to be resolved along British and Danish lines.

The breakdown of the FTA negotiations in November 1958, especially when accompanied by the decision of the Six quickly to regroup, and the ensuing realisation that the Common Market was unlikely to falter in the same way as had the EDC only a few years before, therefore represented a huge challenge for both parties. For rejection by France of the FTA – the first of what would amount to three de Gaulle vetoes – completely swept away the only viable, workable response to the nascent Community that had so far been devised. Unless something could be done to heal the Six/non-Six split, Britain, Denmark and the other non-Six states stood to become ever more isolated from their continental neighbours while the economic and political difficulties which had originally made a wider free trade area so desirable remained unresolved.

In that vacuum, as was recalled in Chapter 1, a smaller trade bloc as a complement or competitor to the EEC in the form of the European Free Trade Association was immediately regarded by both the SD and Labour as falling far short of many of the goals that were so central a feature of the original FTA proposal. Rather than a first step to overcoming the Six/non-Six economic divide, EFTA was considered something that would in fact reinforce trade barriers. And the emergence of two economic blocs in Western Europe was also deemed politically divisive at a time when, amid escalating cold war tensions, a united front vis-à-vis the Soviet bloc seemed ever more necessary. This explains why both parties took the rather unusual step of travelling to Brussels in December 1958 and discussing with their European centre-left counterparts the state of the integration process and possible substitutes to the FTA. With this meeting failing to provide few immediate solutions, anxieties related to the burgeoning Six/non-Six split in turn pushed the SD and Labour in the early weeks of 1959 separately to draft alternative proposals designed both to counter the slide towards a smaller trade zone and in turn somehow unite the states of Western Europe. When these various initiatives were unable to garner wide enough support, moreover, it was recognition of EFTA's limitations which first drove the SD and later also Labour to lobby in support of bridge-building as a more meaningful response to the emerging Six/Seven rift. And, ultimately, it is the fact that bridge-building alone was seemingly unable to make any substantial difference to this demarcation which explains why by early 1960 the conviction of a small but solid section of the Labour and SD elite against full British and Danish entry to the EEC appears to have weakened.

All this taken together provides a sharp reminder that there was a good deal more complexity to the years prior to the 1961 applications than is often appreciated. For Labour and the SD were each clearly and sincerely invested in a Europe-wide economic unit and genuinely distraught when the idea was torpedoed. Crucially, thereafter both parties each developed a coherent set of preferences which variously rejected EFTA as a long-term solution, recognised the value of bridge-building as the beginning of a broader process of reconciliation between the two sides and, to varying degrees, acknowledged strong merits in joining the EEC itself. The inevitable consequence of such findings is that Labour did not, as it is often labelled as doing, ignore the topic of European integration until or shortly before Macmillan announced Britain's first EEC membership application.[7] In fact, during much of 1960, it was actively engaged at the European level hoping to seal the gulf between the two blocs. Nor, as some scholars claim, was either party from the beginning 'supportive of EFTA'; they instead settled on the Association as a short-term second best and a possible basis from which a new framework with the Six could be established.[8] To be sure, none of this is to claim, as has been argued elsewhere, that there was a subsequent inevitability to Labour European policy which would lead it to support EEC membership in 1967, or that on the day he became prime minister in October 1964 Wilson was already determined to get Britain into the Community.[9] Indeed, as the full intricacies of the decision to join the EEC were laid bare before not just the leaderships but the parliamentary groups and rank and files, the idea of joining the Six became a more toxic and rather more troublesome issue. But Wilson, Gaitskell, Hansen, Kampmann and Krag were all already well before the 1961 application also convinced that the face of European politics had forever changed, that the Community ought not to be allowed to advance without at least some involvement from those countries on its periphery, and that a separate political unit fully detached from the EEC did not necessarily represent the best method by which to guard against this. Simply put, 1958–60 ought to be seen as a formative period in both parties' understanding of and interest in the integration process.

The second, related conclusion concerns what a longer-term study can teach us about SD and Labour European policies between 1958 and 1972. Despite the learning processes which the two parties' leaderships appeared to undergo in 1958–60, analysis encompassing several years also captures the

[7] Newman, 'The British Labour Party', 163; Steinnes, *British Labour Party*, 37.

[8] See, for instance, David J. Bailey, *The Political Economic of European Social Democracy: A Critical Realistic Approach* (London and New York: Routledge, 2009), 95; Kassim, 'The Labour Party', 87.

[9] See Chapter 3 for this discussion.

way in which the Eurosceptic discourse of the two parties was remarkably stagnant if not unimaginative. Whether speaking in 1960 or in 1970, anti-Community advocates in the SD expressed concerns that joining the Six risked weakening Denmark's ideological, political, social, cultural and economic bonds with its Scandinavian partners. So too did critics of membership remain steadfast in their view that Community entry threatened Denmark's welfare state and standard of living, analysis caught up with the perception of the EEC as a supranational organisation that would somehow imperil rather than strengthen the state and its existing values and institutions. The same rather static arguments continually featured in Labour debate, too. If it was not Britain's relationship with the Commonwealth that ruled out entry, then it was the fear of allying with Germany and France, the perceived threats to the government's freedom of action in the economic and foreign policy realm, or the strategic importance of the USA vis-à-vis Europe. There were in other words overpowering and unyielding drivers – empire, regionalism, identity, ideology, history – upon which SD and Labour scepticism was founded.

Along the way, though, there were obvious nuances to this story. Most notably, the applications of 1967 elicited less resistance than those launched in 1961. That Labour was itself responsible for Britain's second membership bid suggests perhaps that government had some bearing on the European debate within the party. Personal loyalty to the prime minister, cabinet collective responsibility, a sense that Labour MPs had 'something to lose' by disobeying the leadership, and exposure to a civil service intent of pursuing the government's broader agenda of Community membership, may all variously have contributed to a situation where Wilson found it a good deal easier to unite his cabinet and party in favour of entry than Gaitskell did in 1961. But this does not account for the same phenomenon in the SD, which was in either a minority or coalition government continuously from 1953 to 1968. We might perhaps therefore look further afield to understand why the 1967 application in Denmark aroused less hostility. One factor may well have been simply that in 1967 the EEC was the devil people already knew, not the nascent, unknown quantity it was in 1961. Considerably more significant, though, and something touched on at the end of Chapter 4, was that in 1967 both the Labour and SD cabinets appear also to have accepted that there were perilously few options other than to apply. The economic conditions were such that British and Danish accession to the EEC now seemed altogether more tolerable.

By the same measure, the 1970–72 negotiations brought with them a renewed divisiveness. Chapter 6 indicates that this probably owed much to the changed environment of the late 1960s. The generation of 1968 certainly transformed the debate within the SD. It was, after all, younger, more

radically minded MPs, those less respectful of the leadership's power and noticeably more contemptuous of Denmark's Atlanticist, Western-orientated traditions, who formed the largest element of the SD's anti-Community bloc. Similarly, Labour's struggles with membership from 1970 cannot easily be understood without first acknowledging the growth of the left in the extra-parliamentary party and ensuing frustrations with the record of the 1964–70 governments, the decline of class politics and the wider break in the party-union linkage. The degree to which the 'left' had by the late 1960s captured the Labour leadership admittedly remains contested.[10] But, the broader movement does appear to have undergone some sort of transformation, evident in how activists and local constituency parties responded to the negotiations for EEC membership in the months prior and following the 1970 election. The PLP itself also changed; indeed, of the 132 MPs who eventually voted for John Silkin's January 1971 early day motion, half were from the new intake who won seats at the 1970 election.[11] This, inevitably, brought changes at the elite level. Callaghan was astute enough to recognise early on which way the wind was blowing, while his lack of conviction towards British entry meant he was rather better placed to respond to the broader shifts in the Labour movement. His 'language of Chaucer' speech ought probably to be seen then as a rather shrewd attempt to reflect the changed mood of the Labour base and secure his position as Wilson's heir apparent.[12] Jenkins by contrast could not so easily dispense with his pro-Europeanism. Nor did he have the sort of relationship with colleagues needed successfully to counter the Eurosceptic drift of the parliamentary party.[13] In such an environment, it was always more likely that the anti-Community line would win through. Taken together, all this implies that it is simply too easy to label either Labour or the SD 'anti-European' or 'Eurosceptic'. These were certainly characteristics that sections of both groups shared. But there was enough variation over time to demonstrate both a greater complexity to party thinking and the importance of place and time to its overall engagement with the integration process.

These first two arguments tally well with a third conclusion, namely, the centrality of certain personalities to the parties' European policymaking processes. Central to SD policy was, of course, Krag, whose background and experiences prior to becoming party leader in 1962 established him as

[10] For a discussion on Labour ideology, John Callaghan, Steven Fielding and Steve Ludlam (eds), *Interpreting the Labour Party: Approaches to Labour Politics and History* (Manchester: Manchester University Press, 2003).

[11] Kitzinger, *Diplomacy and Persuasion*, 297.

[12] See Morgan, *Callaghan*, 395ff.

[13] See Ludlow, *Roy Jenkins*, 42.

a Danish politician with an international pedigree unrivalled by contemporaries. It was, for instance, a desire to learn English that took him to the USA as an economic adviser in the Danish Embassy and which soon made him the go-to man for those Washington-based officials engrossed in the idiosyncrasies of a Scandinavian NATO member. It was moreover his work as a trade minister, and later as minister for foreign economic policy, which saw him cross paths with key European figures. It was in this capacity that he first met Wilson, who had served in a similar role as president of the Board of Trade under Attlee – a meeting which clearly had some resonance, since Wilson referenced their 20-year friendship in his 1971 memoirs.[14] As a minister, meanwhile, Krag shone in the way few others did, an intellectual who personified the new breed of professional SD politician. Chance befell Krag, though. Indeed, it was first the external nature of his portfolio, second a disinterest in European integration shown by Hedtoft and later by Hansen, and third Kampmann's personal foibles which often incapacitated him following his rise to the party leadership and Danish premiership in 1960, which ensured Krag would be personally identified with the SD's approach to the continent.

We already know from his somewhat hagiographic official biography that Krag put this training and experience to good use.[15] Such characteristics are confirmed here. For instance, Krag more than held his own in his 1963 meeting with de Gaulle, when the French president offered Denmark isolated full or associate membership of the EEC, referenced in Chapter 2. He was also able to talk in a remarkably frank and forthright manner about the state of European politics to Lyndon Johnson on his visit to Washington in April 1966, mentioned in Chapter 3. What the analysis above adds to this story is the extent to which Krag was also able regularly to challenge and test the Labour leadership, often by issuing various threats that Denmark might abandon EFTA or seek lone accession to the Six, and in turn the degree to which he succeeded in extracting concessions, information and assistance from the Labour Party. The argument is developed further below, but Krag was clearly not confined to what might be called a small state mindset. Rather, he was an activist, using the tools and networks available to him and engaging in personal bilateral diplomacy to shape the European environment and help meet the SD leadership's political goals.

Surely, though, it is Wilson's bearing on Labour which merits most consideration. Gaitskell may well have led the party during the collapse of the FTA negotiations and creation of EFTA later in 1959. And his speech to conference in October 1962 has, understandably, been the focus

[14] Wilson, *The Labour Governments*, 184.

[15] Lidegaard, *Jens Otto Krag II*.

of much attention from scholars interested in the supposed vacillations and divisions that characterised the party's response to the first EEC membership application. But what emerges very clearly from the analysis above is quite how much Wilson more than any other figure shaped Labour's entire European discourse, dominated its formulation and execution and helped set the context in which the debates that punctuated the years reviewed here were had. It was, after all, he, not Gaitskell, who in December 1958 sought out contact with Labour's European counterparts to work out a way of overcoming the de Gaulle FTA veto. So too was it Wilson who oversaw the various alternative strategies outlined in the early part of 1959 and who, later that same year, ensured Labour adopted the bridge-building strategy promoted by the SD. This early interaction with the European question meant that by the time he became leader in February 1963, and then prime minister in October 1964, Wilson was already remarkably well versed in continental politics.

Like Krag, Wilson's dominance of the policymaking process is easily explainable. It may in part reflect Gaitskell's somewhat arm-length handling of the European question and a more general disinterest in the topic, certainly prior to 1961, from among his colleagues. That early European integration, consisting of sectoral cooperation in areas like trade, agriculture, transport and finance, was primarily economic in character also meant that Wilson as shadow chancellor was the natural figure to manage Labour's strategy. And as party leader after 1963, it of course made perfect sense that Wilson would come to dwarf the issue. All this does much to justify the centrality given to Wilson in the previous pages, as it does the title of the book itself.

Whatever the precise reasons, what is rather more significant is that Wilson used this presence to establish several basic assumptions which structured Labour European policy for well over a decade. Of these, among the more noteworthy was the idea, mentioned above, that EFTA was not in itself an acceptable long-term outlet for Britain. This reflected another premise, namely, that the divide between the Seven and the Six should not be allowed to become permanent, and thus that Britain would eventually have to formulate some sort of new relationship with the Six. The concept of bridge-building in its various guises – adopted in 1959, hinted at during Greenwood's visit to Denmark in May 1963 (see Chapter 2) and revived in 1964–65 (Chapter 3) – as with closer technological cooperation with the Six, interest shown in both the Munchmeyer plan and British association with the EEC discussed with Krag at Chequers in 1965, and eventually full Community membership pursued from 1966, all variously reflected an underlying awareness that Britain could not be completely divorced from the continent. The question from the point at which the FTA negotiations collapsed was in other words not whether Britain ought to have a relationship

with the Six but what was the best vehicle through which to encounter the Community.

Also included in this list should be Wilson's recognition that European policy had to be made fully mindful of the fact that de Gaulle was likely to wield a veto. It was certainly one reason why there was not greater pressure on Wilson to address the question of entry when he became leader, mentioned in Chapter 2. What is more, it continued to play a role even when, as prime minister, Wilson first began to address the implications of membership – his reluctance to entertain an immediate application to the EEC was noted in Chapter 3. And while in 1967 Wilson, somewhat naively, did not expect de Gaulle to prevent the negotiations from opening and in turn overstated the degree to which he could convince the French president to accept the UK – points examined in Chapter 4 – it was also recognised from the start that the Élysée Palace remained the biggest obstacle to British Community accession.

One last determinant that ought to be added here relates to how Wilson always saw Britain's relationship with the Six as conditional. These, admittedly, were often fluid. To begin with, while Labour's commitment to the Commonwealth often delegitimised the EEC and during the 1967 application featured heavily, it was (as noted in Chapter 1) in fact a seemingly new-found concern for the EFTA neutrals and fear of a de Gaulle veto that actually caused Wilson to 'turn' against EEC entry in 1960. The point made in Chapters 4 and 5, meanwhile, was that Wilson was willing to minimise the importance of the terms of entry when he sought to deliver a relatively uncluttered application to Brussels in the hope that it would best demonstrate Britain's conviction in favour of membership. And as was highlighted in the decision by Wilson to reject Heath's negotiations in 1971, he could easily manipulate the notion of 'conditions' to suit domestic or party political ends.[16] But certain aspects of his thought did remain consistent. Britain could not, so he believed, join a federal Europe. Nor could the United Kingdom easily give up sovereignty in more politically contentious areas like foreign policymaking. And supranationalism was always treated with scorn. Wilson, then, may well never have been a convinced European, but he did appreciate early on the significance of developing some form of relationship with 'the right sort' of Europe.[17]

All these points have wider implications for the ongoing debate among scholars about Wilson's performance as Labour leader. Much has been written about quite what drove his European strategy. This has a temporal

[16] On the use and abuse of the terms, Shirley Williams, 'Forward' in Daddow, *Harold Wilson and European Integration*, x–xiii.

[17] On the right sort of Europe, Parr, *Britain's Policy*.

focus on the 1967 application – in other words, it asks why someone seemingly anti-European in 1964 applied to join the EEC just three years later – but speaks more broadly to Wilson's record and character. One interpretation is that Wilson was deluded by grandeur, that he was either conceited or politically inept to the point that he failed to comprehend Britain's relative decline, to understand that the value of the Commonwealth and centrality of the Anglo-American relationship had waned, or recognise that Britain of the 1960s was not the same third force of the 1940s.[18] In this reading, naive perceptions of Britain's global strength and the extent to which he personally and the government more generally could effect change on the international stage rendered membership of the EEC obsolete until, faced with economic and political calamity, he was forced to take Britain towards Brussels. Such flaws give rise to a second category of thought, which sees the Labour leader's self-delusion as a product of a lack of political direction or strategy. According to this analysis, Wilson was a weak leader who sacrificed a coherent long-term vision of Britain's future for short-term gains and political opportunism.[19] Thankfully, Wilson's stock has risen in recent years. Some have argued that he was rather more principled than critics sometimes suggest.[20] And more convincing still are those who say Wilson was a pragmatist; unrealistic assumptions that Britain could stand aside from the EEC between 1964 and 1966 blended with a more coherent reasoning for why Britain could not accede to the Six.[21]

A detailed look at the evolution of Labour European policy over a fourteen-year period suggests that this latter conclusion could be refined still further. Wilson's strategy was doubtless reactive – whether French policy vis-à-vis NATO in 1965, the sterling crisis later in July 1966, the absence of much headway with Commonwealth trade, the failure of the national plan, de Gaulle's departure from the Élysée Palace, or mounting Labour resistance to entry later in 1970–72. But, with the above determinants in mind, all this happened with a much tighter framework in which he recognised certain realities and parameters in which policy could be made. This suggests a greater continuity of thought on the one hand and, on the other, a more coherent reading of European politics and Britain's place within it. It also highlights the importance of the failure of the FTA as being the point

[18] See, for instance, Wrigley, 'Now you see it', 123–35.

[19] Robins, *Reluctant Party*, 57–74; Wolfram Kaiser, 'Party games: The British EEC applications of 1961 and 1967', in Roger Broad and Virginia Preston (eds), *Moored to the Continent? Britain and European Integration* (London: Institute for Historical Research, 2001).

[20] The latest offering is Andrew S. Crines and Kevin Hickson (eds), *Harold Wilson: The Unprincipled Prime Minister? Reappraising Harold Wilson* (London: Biteback, 2016).

[21] Parr, *Britain's Policy*, 185ff.

from which Wilson instituted the general outline of Labour's approach to European cooperation. Again, none of this is to go as far as to suggest that Wilson was destined to support entry all along. But in 1958 Wilson did also reject the assumption that Britain could be separated completely from the Six. The argument that Wilson lacked strategy and understanding of European politics, or that he was deluded about the importance of the continent to Britain, are thus misnomers.

A fourth, still more crucial finding is that the link between the two groups was itself decisive in their broader engagement with the integration process. For it is the assertion of this study that of the vast array of determinants and factors that shaped how the parties viewed 'Europe' from the 1950s, the bonds that existed across the North Sea were one facet that remained constant, that these at times made a genuine contribution to Labour and SD European strategies and at other moments helped realise pre-defined party political goals. Party political networks were therefore not, as some have claimed, inconsequential or non-existent subplots to the wider story of European policymaking.[22] Nor, as will be expanded upon below, should we be tempted as others have been to prioritise cross-border party ties beyond much else.

Nothing about the existence and the frequency of the meetings that took place between Labour and the SD, nor indeed the degree of significance attributed to them in this book, was inevitable. And yet, throughout the time under review here, during bouts of both office and opposition, the relationship between Labour and the SD endured and brought with it clear benefits for both sides. For the SD, Labour clearly had relevance even as an opposition party. Its presence in the House of Commons and knowledge of the policymaking mechanisms of Whitehall meant that Labour was uniquely placed to challenge the Conservative government on matters that were of concern to the SD. This was most obviously the case in Chapter 1, where the SD aimed at and succeeded in pushing Labour to support the bridge-building initiative; in turn, Wilson challenged Macmillan to take concrete steps to lessen the gap between EFTA and the Six by deepening cooperation in specific sectors of trade and the economy. And it was also witnessed after the 1963 breakdown – how the SD used the months prior to the 1964 British general election to urge a possible future Labour government to take EFTA more seriously and reform it to include agricultural trade was scrutinised in Chapter 2.

That in the latter instance this was not immediately the case – the imposition of the 15 per cent import surcharge, discussed at the start of

[22] Notably, Donald Sassoon, *One Hundred Years of Socialism: The West European Left in the Twentieth Century* (London: I.B. Tauris, 1996), 339. See also Catterall, 'Foreign and Commonwealth policy', 90.

Chapter 3, indeed undid many of the promises Labour had made just months earlier when in opposition – demonstrates the limitations as well as the strengths of this type of informal diplomacy and the potency of national interest. Nevertheless, the SD leadership still considered its links with Labour over the European question to be vital. For instance, Krag was clearly keen to use informal meetings with Labour to reveal one of Denmark's main ace cards – isolated accession to the EEC. This in turn brought incremental changes in Labour European policy: we saw in Chapter 3 that SD attacks on the surcharge was one factor behind its eventual reduction, while the April 1965 Chequers meeting, from which Wilson announced a fresh attempt to build bridges with the Six, was considered by Krag as a way of ensuring that the Labour government continued to discuss the topic of European integration even if in the short term the strategy itself failed. Assistance from Labour during the October 1972 referendum campaign, covered in Chapter 6, also proves this point well. In this instance, the presence of Labour Party figures in the debate was considered useful in helping underline the importance of Community enlargement for Britain and reaching a disenchanted Danish public and sections of a divided party that seemed increasingly unwilling to listen to Krag and the SD elite. Party political goals – unifying a splintered SD around the European cause – and national aspirations – Denmark acceding to the Six – were both perfectly served by Labour's eleventh-hour intervention.

In Labour's case, ties with the SD brought a different set of dividends. One regular feature of the relationship was that it allowed British politicians to check that Denmark would not be tempted to abandon the United Kingdom and its fellow members in EFTA and instead launch an isolated bid to the Community. This was as visible in the weeks after the FTA breakdown as it was in October 1966 (discussed in Chapter 4) when, given Krag's ever-more chaotic domestic position, the Labour government considered as likely a joint Scandinavian or lone Danish bid to the Six unless London was able to furnish the SD leader with a clear roadmap spelling out London's European intentions. The attractions of such networking on this occasion were obvious: they extinguished a diplomatic fire that could easily have broken out between Britain and Denmark, that would probably have further isolated Britain in Europe and that could well have proven disastrous in terms of both Labour's internal unity and the party's governing position.

It is in this context that it is necessary to rethink how we approach the study of Labour and SD European policy. Any study of how the two parties grappled with British and Danish membership of the Community ought at least to recognise the existence of the ties, connections and relationships that existed between them: party European policymaking was clearly not restricted to the national realm. But so must we be prepared properly to

place transnational links within the national context. Substantive elements of party positions were shaped by interests and insights gleaned from the nation, and these remained integral to their responses to European integration. Views and assumptions may have shifted as a result of party political interaction beyond national borders; informal networks may even have helped shape actors' preferences vis-à-vis integration. But this is surely less a socialisation process that ends up convincing a party of the utopian virtues of European integration, and a more familiar bargaining procedure. Between state-centric studies and transnational-heavy scholarship appears to sit a middle course where informal networks act like an extension to the usual state-level instrument of intergovernmental bargaining.

The fifth and last finding of significance would be that, for both Labour and the SD, the European integration process was at times tightly intertwined with broader developments in the cold war. It is admittedly the case that how the parties viewed West European unity was not always bound up with questions related to the broader East–West conflict; the two were separate, autonomous processes that were affected by multiple other dynamics. But at various points in this book both phenomena did obviously interact.[23] This was certainly the case in 1958–59 when cold war concerns framed both groups' responses to the collapse of the FTA and the subsequent emergence of EFTA. To a large extent of course economic factors were essential in how the two groups viewed France's November 1958 veto. The fear of a Western Europe divided into two blocs, each with their own tariff walls and separate standards and trade practices, was only ever going to inhibit trade. For Denmark especially this demarcation would exacerbate already perilous conditions for its agricultural exports; SD policy over the subsequent 14 years was in this sense designed explicitly to heal the Six/Seven split. But, as we saw in Chapter 1, central also to the thinking of both Hansen and Krag on the one hand and Gaitskell and Wilson on the other, was the belief that the failure of a Europe-wide free trade area would expose political fissures that might quickly be exploited by Moscow. The problem seems to have been less the possible military repercussions and more the psychological and ideological victory that would come from the failure of Western Europe to show a united front. And this was precisely the issue with EFTA: not only did it confirm an economic separation, but it made permanent

[23] The book is in this sense a contribution to a small but growing body of literature that highlights links between European unity and the cold war. See, for instance, Ellison, *The United States, Britain and the Transatlantic Crisis*; Eirini Karamouzi, *Greece, the EEC and the Cold* (Basingstoke: Palgrave Macmillan, 2014); N. Piers Ludlow, 'European integration: A Cold War phenomenon', in Odd Arne Westad and Melvyn P. Leffler (eds), *The Cambridge History of the Cold War* (Cambridge: Cambridge University Press, 2010).

the institutional and political division of Western Europe. Against this background, the various experiments with bridge-building promoted by both the SD and Labour can be seen as much a geostrategic tactic, a way of bolstering Western European unity vis-à-vis Soviet communism, as they were a pragmatic response to the emergence of two separate, competing economic groupings.

The potential implications of Nordek, discussed in Chapters 5 and 6, reveal still more plainly the link between European economic integration and the wider cold war gulf. However unrealistic in practice, the Labour leadership and Whitehall officials were undoubtedly of the mind that a grouping outside or somehow detached from the EFTA/EEC paradigm would increase calls for the Nordic region as a whole to turn towards neutralism. Not only would this exacerbate the equivocation on NATO that was already a feature of Scandinavian public and political thinking but it would also provide the Soviet Union with the means tangibly to expand its influence from Finland to the region as a whole – or, as one British diplomat put it, Nordek would provoke the 'Finlandisation' of the entire Scandinavian peninsula.[24] Here lies the significant point: by the late 1960s and early 1970s EEC membership was seen as *the* mechanism to delegitimise arguments in favour of Nordek and in the long run prevent the Nordic NATO members from becoming absorbed into a broader Soviet sphere.[25] And as with the referendum discussed in Chapter 6, there were very real, effective measures that Labour could take to help bolster the chances of Denmark entering the Community. Informal channels between the two were hence a vital strand both in the diplomatic offensive against the Nordic economic community and achieving stability in cold war Western Europe.

What lessons can be drawn from these findings, and how can they be used to inform future scholarship? The first point to make is that contemporary historians ought to be far more aware of the role played by smaller states in the international system and in the European integration process more specifically. There are simply too many histories that prioritise relations between and among the European 'great powers' of (West) Germany, Britain and France, and their respective linkages with the USA, but that ignore the contribution of smaller countries on the world stage. Those on the periphery of the continent are sometimes given a walk-on part, but are often treated as passive actors with little real influence, who lack the resources and clout

[24] Stark telegram, tel. no. 19, 19 September 1972, and Crossley note, 27 September 1972, both FCO 30/1555, TNA.

[25] Broad, 'Keeping your friends close', 469–70.

necessary to make a genuine impact. A sort of myth has therefore grown up that small states do nothing but blindly follow their larger and more powerful neighbours, and are hence unworthy of serious academic attention. The effect of this is that neither the myriad ties and complex relationships that exist between small states and their bigger counterparts, nor the nature and outcome of this interaction, are really appreciated. And it also translates into a tendency to reduce the emergence of a pan-European framework of cooperation that gave birth to the modern-day EU to little more than the product of conversations between a handful of prime ministers, chancellors, presidents and, if we are lucky, the odd 'founding father' of European unity.[26]

In fact, the picture that comes through from the previous pages is one where small states likes Denmark have a genuine but very specific way of influencing actors in larger countries like Britain and the outcome of the integration process itself. The SD recognised all along that London held the key to successfully resolving what in Copenhagen was commonly referred to as Denmark's 'market dilemma'. Time and again the party flirted with the prospect of launching its own membership bid or abandoning EFTA, and time and again this was rebuffed given that political sympathies and economic reality made the move too costly. In such circumstances, the close and constant personal relationship that existed between the SD leadership and its Labour counterpart seems to have provided one of a limited number of outlets through which Danish politicians could access British policymakers, champion Danish and wider Scandinavian causes, and try to effect change or secure concessions that would make a material difference to Denmark's external position. Part and parcel of securing Danish European policy goals was in other words influencing British ones. The Labour–SD nexus was in this sense part of a limited toolbox utilised by the likes of Krag to put Copenhagen's problems and desires centre stage, in a way that given its size and economic and political position would not ordinarily have been afforded to politicians from states like Denmark. The notion of informal channels as leverage could easily be applied to other cases, and with it the relative strength and sway of smaller states brought into clearer focus.

The second lesson that we can draw from this study relates to the concept of interaction. As we have already seen, two distinct models have come to shape how scholars approach the study of European integration. The first is national in its outlook, a mark of virtually all writing on the origins of the European integration process. The second has deliberately sought to break free of national boundaries as the remit of scholarly focus and has instead reclaimed non-state actors, most often acting transnationally, as key

[26] See Kaiser and Varsori, *European Union History*.

contributors to the integration story. Central to this book's argument is that these two levels were not independent but interdependent, that the zero-sum battle between the national and the trans- (or for that matter supra-) national sometimes alluded to by scholars is illusory at best. Already a handful of historians have produced innovative studies that demonstrate how national and supranational elements interrelated.[27] This book continues this line of thinking by offering a rather more sobered up view of transnational networks. To ignore the state entirely is surely mistaken; to use transnationalism better to understand state power politics and interstate diplomacy is to avoid a partial view of history. Thinking about how national and international preoccupations colluded and collided and how European policy was shaped, or at least influenced, by multiple actors and multiple decision-making layers, begins to appreciate just how policy is and was actually made.

In practice this highlights a number of other avenues that are ripe for historical enquiry. What happened after Britain and Denmark both joined the EEC in 1973 is one obvious dimension. Some effort has already been made to understand how accession to the Community affected cross-border centre-left interaction and how this contact in turn shaped the course of British and Danish European policy.[28] But this research needs expanding still further. Did centre-left collaboration have a role in the various treaty changes that came in the 1980s and 1990s? How did Denmark's membership of the EEC influence the SD's traditionally close relationship with its Nordic sister parties? Did it help overcome the EFTA/EEC divide after 1973?

The approach utilised here could also be deployed when discussing the role of trade unions. Again, some work has been undertaken on the subject.[29] But a thorough understanding of how trade union centres cooperated with one another and how this networking at a transnational level in turn shaped government thinking still awaits a thorough archival treatment. The subject has not been included here largely because it does require a book-length study of its own, but trade unionists arguably already had the institutional predisposition and readiness to take advantage of cross-border ties. Did their networking become a potentially important channel through which were exchanged ideas relating to social policy, jobs, workers' rights and trade

[27] Ludlow, *The European Community*.

[28] Broad, 'Awkward partners?'.

[29] Thomas Fetzer, 'Turning Eurosceptic: British trade unions and European integration, 1961–75', *Journal of European Integration History*, 13, 2 (2007), 85–102; Patrick Pasture, 'Trade unions as a transnational movement in the European space 1955–65: falling short of ambitions?', in Wolfram Kaiser and Peter Starie (eds), *Transnational European Union: Towards a Common Political Space* (London and New York: Routledge, 2005).

union legislation? And how did this channel feed back into the domestic decision-making level and up to the supranational Community layer? All these questions require greater thought and detailed assessment.

Overall, then, the present study amounts to a call to think less in purely national terms or exclusively about the transnational realm – the two are clearly not mutually exclusive – and instead to pay more attention to how these two levels interacted, complemented and competed with each other. Labour and the SD had their own historically, culturally and socially constructed ideas of European integration, to which the framework of the nation state was a crucial component. National politics cannot be ignored. But something new and different clearly existed – the contact between them – and became an additional feature in how they responded to the challenges of European unity. We cannot hope to understand fully the political decision-making process in Britain and Denmark without giving heed to this layer. Harold Wilson's Danish connection, and the link between Labour and the SD more generally, is a case in point.

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