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Britain, the Division of Western Europe and the Creation of EFTA, 1955–1963

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Praise for *Britain, the Division of Western Europe and the Creation of EFTA, 1955–1963*

"A highly welcome recast of a formative and decisive period in Europe's postwar integration history from 1955 to 1963. Based on a vast base of literature and an impressive range of archives this book offers new and comprehensive insights into how Western Europe developed into two economic blocs in a process of both conflict and cooperation."

—Thorsten Borring Olesen, *Jean Monnet Professor, Aarhus University*, Denmark

Contents

Abbreviations

ABA	Arbejdermuseet & Arbejderbevægelsens Bibliotek og Arkiv
AN	Archives nationales, Paris
BArch	Bundesarchiv, Koblenz
CAB	Cabinet Office files
CAP	common agricultural policy
DAEF	Direction des affaires économiques et financières
DE-CE	Direction Économique, Service de Coopération Économique
EDC	European Defence Community
EEA	European Economic Association
EEC	European Economic Community
EFTA	European Free Trade Association
EPU	European Payments Union
ETUC	European Trade Union Confederation
Euratom	European Atomic Energy Community
FBI	Federation of British Industry
FCMA	Treaty of Friendship, Cooperation and Mutual Assistance
FO	Foreign Office
FRUS	Foreign Relations of the United States
FTA	Free Trade Area
GATT	General Agreement on Tariffs and Trade
GOFEO	Group of Four on Economic Organisation
HAEU	Historical Archives of the European Union
IISH	International Institute for Social History
LDA	Lisbon draft agreement
MAC	Mutual Aid Committee
MAD	Mutual Aid Department
MAE	Ministère des Affaires Etrangères

MFN	most favoured nation
MRC	Modern Records Centre, Warwick
NARA	National Archives and Record Administration, Maryland
NATO	North Atlantic Treaty Organization
NCU	Nordic customs union
NEC	National Executive Committee of the British Labour Party
NECC	Nordic Economic Cooperation Committee
NL-HaNA	Nationaal Archief, Den Haag
NRA	Riksarkivet, Norway
NSC	National Security Council
OECD	Organisation for Economic Cooperation and Development
OEEC	Organisation for European Economic Cooperation
PAAA	Politisches Archiv Auswärtiges Amts
PC	preparatory committee
PREM	Prime Minister's Office
SB	Schweizerisches Bundesarchiv
SD	Socialdemokratiet
SPO	State Paper Office
SRA	Riksarkivet, Sweden
T	Treasury
TUC	Trades Union Congress
UK	United Kingdom
UKNA	UK National Archives, Kew
UM	Udenrigsministeriet, Copenhagen
Uniscan	United Kingdom-Scandinavian Economic Committee
WEU	Western European Union
WP	working party

CHAPTER 1

Introduction

This book deals with just a small portion of history. And yet, taken together, the events it covers represent a critical phase in the development of Western European integration. Our starting point is mid-1955, when Britain opted somewhat half-heartedly to join talks between France, Germany, Italy and the Benelux countries about integrating their economies in a common market and customs union. The British decision, taken just months later, to withdraw from this process meant that 'the Six' alone would go on to conclude the Treaty of Rome creating the European Economic Community (EEC). This was the beginning of an often tense and highly fraught division of Western Europe into two rival economic blocs. By 1963, the point at which this book ends, that rift between the Community and the seven-nation European Free Trade Association (EFTA) comprising Austria, Britain, Denmark, Norway, Portugal, Sweden and Switzerland looked to have been made permanent by a French veto. A great deal happened between those two dates that profoundly shaped continental politics. Britain tried, and failed, to create a pan-European industrial Free Trade Area (FTA) designed to embrace, and perhaps suffocate, the nascent EEC. The Scandinavians, for their part, wrestled with separate plans for a Nordic customs union (NCU). The collapse of the FTA negotiations in late 1958 meant that 'the Seven' set about forming an entirely new trade grouping and the institutional

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structure required to administer it, with the NCU shelved in the process. Yet while the EFTA enterprise was initially intended to act as a bridge towards the EEC, the Community and the United States, for reasons we shall explore later, chose to block the idea. As a consequence, EFTA soon found itself with the rather inauspicious distinction of being an organisation whose membership sought to leave within just months of its founding. Yet the task of arranging a new relationship with the EEC was complicated massively by the need to navigate the divergent and sometimes conflicting priorities of the Seven while all the while keeping a semblance of unity and coherence within the Association. And in the aftermath of the 1963 veto, this solidarity would need quickly to be rediscovered as the Seven came to terms with continued life outside the Community. All these developments generated a certain degree of suspicion, of antagonism and resentment—within the two blocs as much as between and beyond them. But they never culminated in a political crisis. None of this indeed was immediately dramatic. It was nevertheless inexorable and seemingly irreversible.

The aim of this study is to examine the intergovernmental dialogue and positioning which led to, and was a feature of, the FTA negotiations, the subsequent origins and building of EFTA as an alternative to the better-known EEC, and discussions within the Association that dominated the period up to and the months following the 1963 veto. At its core, it provides an international history of a formative moment of post-war and European integration history. It tells us much not simply about how one country—Britain—responded to the early integration process. Rather, it also reveals how this exercise provoked an intense discussion among a host of European states as they each simultaneously grappled with the reality of deepening European ties. The book is concerned with explaining the efforts of governments to establish their goals and priorities towards these new forms of European commercial and political cooperation, and their attempts to realise them in bilateral and multilateral negotiating forums. Moreover, the focus of this volume is not just on the new international institutions that emerged, but the outcomes determined by negotiations within such environments. The membership of these organisations and their rules in many ways constrained the actions of the participants and helped define the results.

There is no shortage of studies on the formative decades of European integration.[1] A book of this type nonetheless contributes something new to several intersecting scholarly fields. One of these, unavoidably, relates to the history of the British-inspired FTA and its successor, the seven-member EFTA. The opening of British government archives in the 1990s in particular led to a flurry of works trying to make sense of why Britain opted not to take part in the initial phase of supranational integration pioneered by the six founding members of the EEC, and instead why the FTA was announced by Harold Macmillan, then chancellor of the exchequer, in late 1956. Among the most crucial here is James Ellison's detailed reconstruction of British decision-making from the Messina conference to late 1958 when, thanks to the (first) French veto, the FTA talks were brought to a halt.[2] To this was added the official history of British European policy by Alan Milward, who explained some of the main policy components of the FTA negotiations as part of his study of the UK's 'national strategy' between 1945 and 1963.[3] Alongside these is the monograph on the same subject, covering the same period, by Wolfram Kaiser, which like most literature relied largely on British sources to recount events.[4] And numerous contributions by Richard Griffiths explored British policymaking in the latter half of the 1950s.[5] When it comes to EFTA, meanwhile, there have been fewer, if still excellent, studies covering various components of

[1] For a good introduction, see Wolfram Kaiser and Antonio Varsori (eds.), *European Union History: Themes and Debates* (London: Palgrave Macmillan, 2010).

[2] James Ellison, *Threatening Europe: Britain and the Creation of the European Community, 1955–1958* (Basingstoke: Macmillan, 2000).

[3] Alan S. Milward, *The Rise and Fall of a National Strategy: The UK and the European Community, Vol. 1* (London: Routledge, 2012).

[4] Wolfram Kaiser, *Using Europe, Abusing the Europeans: Britain and European Integration, 1945–1963* (Basingstoke: Macmillan, 1999).

[5] Richard T. Griffiths, 'A slow one hundred and eighty degree turn: British policy towards the Common Market, 1955–1960', in George Wilkes (ed.), *Britain's Failure to Enter the European Community, 1961–1963: The Enlargement Negotiations and Crises in European, Atlantic and Commonwealth Relations* (London: Frank Cass, 1997); Richard T. Griffiths and Stuart Ward (eds.), *Courting the Common Market: The First Attempt to Enlarge the European Community* (London: Lothian Foundation, 1996).

the Association's history.[6] Soon after its birth, for instance, economists began to show interest in EFTA as an example of a successful, functioning free trade group located at the heart of Europe.[7] Later in 1995, Mikael af Malmborg and Johnny Laursen were among the first to highlight the main arguments involved in the creation of EFTA, negotiations for which commenced in June 1959 and wound up some five months later with the initialling of the Association's founding text, the Stockholm Convention.[8] Writing around this same time, Kaiser dedicated attention to how EFTA influenced the broader trade and political environment of the 1960s.[9] The work of Griffiths again stands out for its in-depth examination both of EFTA's roots and the institution's development through to the early 1990s.[10] More recently, Lise Rye has taken a detailed look at the interrelationship between EFTA and the EEC up until the signing of the

[6] Clive Archer, 'Britain and Scandinavia: Their relations within EFTA, 1960–1968', *Cooperation and Conflict* 11, no. 1 (1976): 1–23; Emile Benoit, *Europe at Sixes and Sevens: The Common Market, the European Free Trade Association and the United States* (New York: Columbia University Press, 1961); Wolfram Kaiser, 'Culturally embedded and path-dependent: Peripheral alternatives to ESCS/EEC "core Europe" since 1945', *Journal of European Integration History* 7, no. 2 (2001): 11–36; Thorsten Borring Olesen, 'An exercise in Nordic cooperation and conflict: EFTA, 1959–1972', in Nobert Götz and Heidi Haggrén (eds.), *Regional Cooperation and International Organizations: The Nordic Model in Transnational Alignment* (Abingdon: Routledge, 2009); Pierre du Bois and Bettina Hurni (eds.), *L'AELE d'hier à demain* (Geneva: EFTA Secretariat, 1987).

[7] EFTA, *Building EFTA: A Free Trade Area for Europe* (Geneva: EFTA Secretariat, 1966); Hugh Corbet and David Roberston (eds.), *Europe's Free Trade Area Experiment: EFTA and Economic Integration* (Oxford: Pergamon Press, 1970); Victoria Curzon, *The Essentials of Economic Integration: Lessons of EFTA Experience* (New York: St Martin's Press, 1974); Study Group, *The European Free Trade Association and the Crisis of European Integration: An Aspect of the Atlantic Crisis?* (London: Michael Joseph, 1968). More recently, Hanspeter Tschäni and Ossi Tuusvuori (eds.), *Principles and Elements of Free Trade Relations: 40 Years of EFTA Experience* (Zurich: Verlag Rüegger, 2000).

[8] Johnny Laursen and Mikael af Malmborg, 'The creation of EFTA', in Thorsten Borring Olesen (ed.), *Interdependence versus Integration. Denmark, Scandinavia and Western Europe 1945–1960* (Odense: Odense University Press, 1995).

[9] Wolfram Kaiser, 'Challenge to the Community: The creation, crisis and consolidation of the European Free Trade Association, 1958–1972', *Journal of European Integration History* 3, no. 1 (1997): 7–33; Wolfram Kaiser, 'The successes and limits of industrial market integration: The European Free Trade Association 1963–1969', in Wilfried Loth (ed.), *Crises and Compromises: The European Project 1963–1969* (Baden-Baden: Nomos, 2001).

[10] Richard T. Griffiths, 'The importance of fish for the creation of EFTA', *EFTA Bulletin* 92, no. 1 (1992): 34–40; Richard T. Griffiths, 'EFTA and European integration, 1973–1994: Vindication or marginalization?' in Kåre Bryn and Guðmundur Einarsson (eds.), *EFTA 1960–2010: Elements of 50 years of European History* (Geneva: EFTA, 2010).

European Economic Area (EEA) agreement in 1992.[11] And this body of scholarship has been augmented by the efforts of the Association itself to commemorate key anniversaries, with the collection published in 2010, celebrating fifty years since the Convention was officially signed in January 1960, of particular relevance.[12]

Together, this literature means we now have a pretty decent handle on the rationale behind 'Plan G'—to give the FTA its Whitehall designation—and its pursuit by Britain at the European level.[13] It also means we understand a fair amount about both the immediate context in which EFTA emerged in 1959–1960 and the nexus between the Association and the Community over subsequent decades. Yet important gaps in our knowledge remain. For one, it is true that most of the works cited above, and especially those articles and chapters necessarily curtailed by strict word limits, tend to specialise separately on either the FTA episode or the early portion of EFTA history, without fully connecting the two. This point is not trivial. For not only did many of the discussions and conflicts surrounding the FTA reappear during talks around the formation of EFTA. But studying both episodes can also help to reveal the degree to which national positions evolved over time and whether lessons were learned as the Seven met on the outskirts of the Swedish capital to discuss forming a narrower free trade bloc. Only by combining each do we get to fully appreciate the willingness of, for example, the British to make the sort of concessions in the negotiations leading to EFTA that just months earlier seemed inconceivable during those for the FTA. A book covering both sets of negotiations therefore promises to add something genuinely new to prevailing accounts.

Combining a study of the FTA and EFTA negotiations promises, moreover, to enhance our knowledge of the nature and significance of trade negotiations in this period. Trade, as Lucia Coppolaro notes, 'played a

[11] Lise Rye, 'EFTA's quest for free trade in Western Europe (1960–1992)', *EFTA Bulletin* (2015): 4–17; Lise Rye, 'Integration from the outside: The EC and EFTA from 1960 to the 1995 enlargement', in Haakon A. Ikonomou, Aurélie Andry and Rebekka Byberg (eds.), *European Enlargement across Rounds and Beyond Borders* (Abingdon: Routledge, 2019).

[12] Bryn and Einarsson, *Elements*.

[13] Examples of a 'European' take on the FTA include Laurent Warlouzet's *Le Choix de la CEE par la France. L'Europe économique en débat de Mendès France à de Gaulle* (1955–1969) (Paris: Comité pour l'histoire économique et financière de la France, 2011) and 'De Gaulle as a father of Europe: The unpredictability of the FTA's failure and the EEC's success (1956–1958)', *Contemporary European History* 20, no. 4 (2001): 419–34.

fundamental role in European integration'.[14] Both the ultimately abortive FTA and EFTA are prime examples of this. After all both were designed purposefully as industrial-based free trade blocs without the political ambitions implicit in, and supranational institutional structures established by, the Six's Treaty of Rome. But as Coppolaro also notes, historians have been rather reticent to consider European integration as an act of international trade negotiations. It is telling perhaps that few works exist exploring in-depth the intergovernmental consultations which led to the Rome Treaty.[15] Exceptions do exist. Milward's *The European Rescue of the Nation State* and Wendy Asbeek Brusse's impressive *Tariffs, Trade and European Integration* each pays attention to Western European tariff policies during the 1950s.[16] The recent edited collection by Fisher, Pedaliu and Smith is also unusual for concentrating on the interdependency between commercial aspects of foreign policy and diplomacy.[17] Otherwise, though, trade dialogue as a facet of European integration appears to be the preserve of political scientists.[18] And yet at the heart of high-profile confrontations between states often lay basic, if dry, technical disagreements over tariffs, quotas, the so-called rules of origin determining the geographical source of a product, and even the basic definitions of what constitutes an 'industrial' good. Similarly, it is quarrels over sectoral interests—notably agriculture—which usually formed an insurmountable point of divergence between European countries. Put another way, we can only begin to understand the political separation that dominated Western European relations in the late 1950s and 1960s if we are prepared to analyse how these technical discussions unfolded.

[14] Lucia Coppolaro, *The Making of a World Trading Power: The European Economic Community (EEC) in the GATT Kennedy Round Negotiations (1963–1967)* (Aldershot: Ashgate, 2013), 2.

[15] Ynze Alkema, 'Regionalism in a multilateral framework: The EEC, the United States and the GATT confronting trade policies, 1957–1962' (PhD thesis, EUI Florence, 1997).

[16] Alan S. Milward, *The European Rescue of the Nation State* (London and New York: Routledge, 2000); Wendy Asbeek Brusse, *Tariffs, Trade and European Integration, 1947–1957* (New York: St. Martin's Press, 1997).

[17] John Fisher, Effie G.H. Pedaliu, and Richard Smith (eds.), *The Foreign Office, Commerce and British Foreign Policy in the Twentieth Century* (London: Palgrave Macmillan, 2018).

[18] For instance, Vinod Aggarwal and Edward Fogarty (eds.) *European Union Trade Strategies: Between Regionalism and Globalization* (Basingstoke: Palgrave Macmillan, 2004); Sophie Meunier, *Trading Voices: The European Union in International Commercial Negotiations* (Princeton, NJ: Princeton University Press, 2005).

In much the same way, it becomes necessary to shine a light on the place and influence of smaller European states within this matrix. Few would dispute that tales of the usual, larger, suspects—Britain, France and West Germany—predominate in the European integration historiography. True, the chapters that follow in this volume will in many ways confirm how these very same countries, and the interaction between them, continued to set the general pace and tone of debates on European unity. And yet it would be wrong to consign smaller states to passivity within this frame or, worse still, to view smaller powers as facing only constraints and risks, rather than opportunities, vis-à-vis larger countries.[19] We already know that in the relationship between small states and bigger ones, the former were able to deploy a particular toolbox—their combined weight, technical knowhow, diplomatic networks, unofficial contacts, propaganda—to sway the latter.[20] Political scientists have similarly provided us with a glimpse of the strategies adopted by smaller states in trade negotiations.[21] And one recent edited collection on the Cold War has recently done much to defy realist assumptions by arguing that smaller states could influence and shape the priorities of their larger counterparts.[22] It has yet to be applied systematically to the FTA and EFTA, however. This is particularly striking in light of the fact that both sets of negotiations were dominated numerically by smaller states, each of whom were in a position to expand the range of issues under consideration, complicate the agendas of larger powers, and wield a veto should their concerns not be sufficiently addressed. There is hence plenty of scope to study both the FTA and

[19] Annette Baker Fox's *The Power of Small States* (Chicago, IL: University of Chicago Press, 1959) was arguably guilty of explaining how small states survive in a hostile international system rather than influence it.

[20] Sieglinde Gstöhl, *Reluctant Europeans: Norway, Sweden and Switzerland in the Process of Integration* (Boulder, CO: Lynne Rienner, 2002). See also Baldur Thorhallsson, *The Role of Small States in the European Union* (Abingdon: Routledge, 2016); Kenneth Hanf and Ben Soetendorp, *Adapting to European Integration: Small States and the European Union* (London: Routledge, 1998); Lino Briguglio (ed.), *Small States and the European Union: Economic Perspectives* (Abingdon: Routledge, 2016); Robert Steinmetz and Anders Wivel (eds.), *Small States in Europe: Challenges and Opportunities* (Aldershot: Ashgate, 2013); Diana Panke, 'Small states in EU negotiations: Political dwarfs or power-brokers?', *Cooperation and Conflict* 46, no. 2 (2011): 123–43.

[21] Peter J. Katzenstein, *Small States in World Markets: Industrial Policy in Europe* (Ithaca, NY: Cornell University Press, 1985); Miriam F. Elman, 'The foreign policies of small states: Challenging neorealism in its own backyard', *British Journal of Political Science* 25, no. 2 (1995): 171–217.

[22] Laurien Crump and Susanna Erlandsson (eds.), *Margins for Manoeuvre: The Influence of Smaller Powers on the Cold War Era* (London: Routledge, 2021).

EFTA episodes afresh from a multilateral perspective than from one concerned simply with the wishes and whims of London, Paris or Bonn.

It is not only smaller states that tend to be relegated by researchers. EFTA as an institution and the whole bureaucratic machinery established by the Seven are notable for having received short shrift in prevailing scholarship. Again, there are some exceptions to this rule. One obvious example is the chapter by Kaiser describing how the EFTA Secretariat—the small Geneva-based administrative body established by the Seven to help administer the Convention—sought to expand its advisory functions, including by working to foster a distinct EFTA 'identity'.[23] Regrettably, however, a more prolonged attempt to grapple with EFTA's workings as an organisation in its own right has been restricted to a handful of edited chapters, an unpublished if well-informed MA thesis, and a few dated books covering EFTA's internal structure.[24]

Why is this? In part, this trend arguably reflects the thinking of the Association's founder members who were themselves adamant that their new trade bloc should be nothing more than a placeholder for a permanent arrangement with the Community. This was something EFTA's first *Annual Review* published in mid-1961 made abundantly clear when it spoke of governments aiming to 'facilitate a settlement towards a wider association' with the Six 'and in the meantime to create among themselves a free trade area […] as a definite step towards the creation of a wider European market'.[25] With its own creators having regarded it as transient, it is perhaps unsurprising that EFTA since should have been characterised as much too insignificant and too bit-part a player on the European stage to deserve serious attention.[26]

[23] Wolfram Kaiser, 'A better Europe? EFTA, the EFTA Secretariat and the European identities of the "outer Seven", 1958–1972', in Marie-Thérèse Bitsch, Wilfried Loth and Raymond Poidevin (eds.), *Institutions européennes et identités européennes* (Brussels: Émile Bruylant, 1998).

[24] Bjarne Lie, 'A Gulliver among Lilliputians… A history of the European Free Trade Association, 1960–1972' (MA thesis, University of Oslo, 1995); Stuart Ward 'United house or abandoned ship? EFTA and the EEC membership crisis, 1961–1963', in Griffiths and Ward, *Courting*.

[25] EFTA, *First Annual Report* (Geneva: EFTA, 1961), 6.

[26] Andrew Marr goes as far as describing EFTA as 'a petulant minuet of the wallflowers', see *A History of Modern Britain* (London: Pan Books, 2017), 204. Other examples include J. Robert Wegs and Robert Ladrech, *Europe since 1945* (Basingstoke: Palgrave Macmillan, 2006); Derek W. Urwin, *The Community of Europe: A History of European Integration since 1945* (London: Routledge, 1995), 118; Pascaline Winand, *Eisenhower, Kennedy, and the United States of Europe* (Basingstoke: Palgrave Macmillan, 1996), 119–20.

In part, too, the propensity not to shine greater light on EFTA institution-building reflects a decision true of the majority of the writing of integration history from the beginning of this century to focus almost exclusively on the development of the EEC and its formative iterations as the 'gold standard' of unity. In this scenario, the actions of Britain and others are usually judged not for their own merits but against the benchmark of the Six.[27] Such an approach may seem logical when considering, first, that the nascent EEC was distinguished by the extent and depth of its common policies and, second, the inclination of those beyond the Six—the Seven included—to hurry to establish formal relations with it.[28] But the partial nature of the literature becomes more surprising when considering the fact that, contrary to expectations, EFTA did not last only a handful of years but instead endures to this day. If nothing else, there is hence value in examining anew how the Association was created and consolidated in its formative months, and how the Seven regrouped in 1963 post-veto when, excluded from the Community, EFTA was destined to have a longer-term future than originally foreseen. That 2020 marked sixty years since EFTA began functioning back in May 1960, indeed makes this a particularly apt moment to reflect upon these matters.[29]

Vindication for analysing the creation and consolidation of EFTA then becomes all the firmer when considering, as the following pages should make clear, that the Association's bureaucracy took an active part in many of the foundational or most controversial conversations dominating the organisation's seminal years. This is principally true of the Secretariat and, still more so, Frank Figgures, EFTA's inaugural secretary-general between 1960 and 1965, who far from being peripheral was in fact at the heart of discussions about building the Association's free trade mandate and indeed big policy decisions taken by individual members such as joining the

[27] For more, among others, Richard T. Griffiths, *Thank You, M. Monnet: Essays on the History of European Integration* (Leiden: Leiden University Press, 2014); Kiran Kluas Patel, 'Provincialising European union: Cooperation and integration in Europe in a historical perspective', *Contemporary European History* 22, no. 4 (2013): 649–72; Kiran Klaus Patel, *Project Europe: A History* (Cambridge: Cambridge University Press, 2020).

[28] For more on the Community's position see N. Piers Ludlow, *The European Community and the Crises of the 1960s: Negotiating the Gaullist Challenge* (Abingdon: Routledge, 2006).

[29] The anniversary was marked with the collection '60th anniversary papers', *EFTA Bulletin* (2020), available from https://www.efta.int/sites/default/files/publications/Bulletins//EFTA_Bulletin_60YearsPapers.pdf.

EEC.[30] There is thus much to be gained from viewing the matter of EEC enlargement through the guise of EFTA's internal deliberations than from a purely British or other national perspective. Yet even before Community membership came on the Association's agenda, the temporary standing afforded to EFTA by its members should hardly leave it open to the charge of irrelevance. One potent example here includes EFTA's own process of enlargement to include Finland, which dominated the Association's agenda between 1959 and 1961. As we shall see, Finland's precarious status as a neutral country located on the boundary between the Soviet Union and the West was an especially thorny issue, and obliged the Association's members to confront whether and how EFTA ought to assist in locating the Finns firmly in the West's economic fold. All this points to a need to explore the 'integrative experience' of the Seven separate from their links with Brussels.[31]

To recap, this book deals variously with the evolution of the FTA and subsequent process of EFTA institution-building, the diplomacy of trade negotiations more generally, and the role of small states therein. In practical terms, this necessitates blending the archival sources of European-level organisations with the national collections of individual countries. Trawling through the former very much offers a 'fly on the wall' view of multilateral negotiations, detailing the main disputes and collective decisions taken by all participants and avoiding the trap of simply recounting the views and opinions of representatives from one particular (usually bigger) country. Scrutinising the latter in turn offers a glimpse of the internal deliberations prior to these moments, the response to reports from national delegations in the days and weeks afterwards, as well as the bilateral consultations that shaped, or were shaped by, the multilateral setting.

When it comes to those European institutions, most valuable to this study were the fonds of two. One is the sizable and bilingual collection of the Organisation for European Economic Cooperation (OEEC) at the Historical Archives of the European Union (HAEU) in Florence. That the FTA never materialised does not mean that the twists and turns of the negotiations cannot be retraced in detail. On the contrary, the British

[30] See Chaps. 6 and 7.

[31] On 'integrative experiences' beyond the Six, Matthew Broad and Suvi Kansikas (eds.), *European Integration Beyond Brussels: Unity in East and West Europe since 1945* (London: Palgrave Macmillan, 2020). On the risks of teleological and normative explanation of the EEC/EU see Martin Gilbert, 'Narrating the process: Questioning the progressive story of European integration', *Journal of Common Market Studies* 46, no. 3 (2008): 641–62.

decision to launch their free trade plan within the confines of the OEEC meant the Paris-based seventeen-member institution, and specifically the OEEC's ministerial Council, was the scene of various rounds of talks and international squabbles. As Chap. 3 will recount, multilateral discussions took place within the confines of three separate working parties (WP): WP21 about industrial trade, WP22 on trade in agriculture, and WP23 relating to financial assistance for less developed countries, known colloquially at the time as 'peripherals'. It was therefore natural to turn to the OEEC records to provide an insight into the general progress of the FTA negotiations, the concerns expressed by various states involved in the talks, and the main technical and political conflicts that arose in 1956–1958.

The other is the equally extensive source material from EFTA's own collection, the bulk of which is now likewise housed at the HAEU. Among this collection were the minutes of the Preparatory Committee (PC), set up in the month after the initialling of the Stockholm Convention in November 1959 to get the Association off the ground and begin the fraught task of adding flesh to the mandate laid down in EFTA's somewhat laconic founding treaty. If the PC's papers proved highly valuable to understanding many of the controversies and practical challenges which dogged the Association's early months, the records of the Council—the governing body of EFTA—in turn offered a window into the conversations among the Seven on major policy questions in the ensuing years, whether the acceleration of tariff reductions, relations with the United States and the Six, Finland's bid to join the Association, or EEC membership. These were augmented by the extremely revealing records of the national heads of each of the Seven's delegations posted to the EFTA headquarters in Geneva, meetings of which became the epicentre for exchanging perspectives and where the main lines of contention were both crystallised and most often resolved. And all this was complemented by the detailed records of the Secretariat and the notes and private papers of Figgures as secretary-general. Figgures was a remarkably well-connected character, who prior to taking up his EFTA position in September 1960 served as the under-secretary to the Treasury in London and, before that, as a director in the OEEC in the three years following its formation in 1948. He was also a meticulous record keeper to boot. From his writings we thus get an accurate sense of his personal opinions as well those of the many politicians and officials with whom he corresponded (or lunched).

Supplementing this material is the national collections of several relevant countries. The archives of all seven EFTA members would preferably have been consulted in-depth when preparing this book. A mix of either language limitations or time and access restraints, however, meant that this was not possible for those of Portugal, Austria, and Finland, the latter of which signed an associate membership agreement with EFTA on 27 March 1961 and assumed its place in the Association later on 26 June. By contrast, the book makes use of Swiss and Scandinavian sources, notably Denmark, the one country where the absence of agriculture (its primary export product) from both the FTA and EFTA triggered particular alarm and for whom the division of Western Europe into two rival blocs (with its primary markets, Britain and West Germany, separated by them) proved among the most economically costly. In addition to the Rigsarkivet in Copenhagen, the private collections and diaries of Jens Otto Krag, the ever-present Danish foreign minister and later prime minister, preserved in the Worker's Museum and Labour Movement Library and Archive, were therefore consulted. Inevitably given Britain's centrality to the FTA and EFTA, the files of the main government departments housed at the National Archives in Kew were also a crucial resource. Few diplomatic machines were more engrossed in the goings-on of European politics than London's, and thus the British records offer as much insight into the broader European landscape of the period examined as they do the evolution of British European policy in these years. To comprehend that broader landscape, French, West German and Dutch archives were also consulted and showed themselves particularly useful for ascertaining how the Six responded to the FTA negotiations. The same was true for Irish State Papers, which helped shine a light on how some of the 'peripherals' dealt with the FTA and the work of WP23. The records of the US State Department were likewise consulted, in either the National Archives and Records Administration in Maryland or via the published *Foreign Relations of the United States* (FRUS) series, which together revealed how the evolution of the FTA and EFTA were very much a transatlantic rather than purely Western European affair. Lastly, a few non-state archives—principally the European Trade Union Confederation collection in Amsterdam and various papers at the Modern Records Centre in Warwick—provided a snapshot of how actors such as trade unions responded to the emergence of EFTA.

To make the best of the findings from these archives, the book is structured in a largely chronological fashion. To contextualise the discussion

that follows, Chap. 2 begins by describing Britain's decision to join the Messina talks of June 1955. It then recalls the reasons behind the country's subsequent departure from the conference later in November that same year and the subsequent evolution of the British FTA plan throughout 1956 and the opening weeks of 1957. Part of this examination must inevitably bring into focus the initial European responses to 'Plan G'. This should introduce at an early stage some of the recurrent themes of the next few chapters. One is the basic, and already well-known, disparity between Britain and the Six, and most notably the French, in their general support for the FTA proposal. Perhaps more unexpectedly is quite how problematic too was the FTA proposal for many of the non-Six, including the Scandinavians, Irish and Portuguese. Together, this augured poorly for a swift start to negotiations on the FTA and implied that Britain would need to address far more seriously the position and grievances of smaller states before the OEEC was in a position to give its backing to the FTA concept.

Contrary to British hopes, the prospect of an immediate start of negotiations on an FTA died a death at the OEEC Council in February 1957. Instead, the three working parties mentioned above were established and asked to report back to the Council before the summer. Employing the archives of the OEEC and sources from individual member states, Chap. 3 will consequently consider these three working parties in detail. It takes us through how the Six wrestled with finding a common position to advance in these working parties. And it will further return to the divisions between the non-Six states, especially between Britain and the three Scandinavian countries incensed still by the lack of even the most basic engagement from London on the matter of agriculture. What this analysis should reveal is the challenge of conducting multilateral trade (pre-)negotiations within an already existing organisation—in this case, the OEEC. Requirements for unanimity, the need to secure acquiescence of the peripherals, and arrangements for the chairing of the negotiations, all emerged as bones of contention in ways few had originally foreseen. These various issues were ultimately to lead to a reassessment of British policy towards the FTA in a special Cabinet committee created in March 1957 and a more officious strategy of courting support for the FTA outside the confines of the OEEC. The chapter will end by considering where by the autumn of 1957 this left the FTA proposal.

Starting on the eve of the formal opening of the intergovernmental talks in October 1957, Chap. 4 deals with the FTA negotiations

themselves. The absence of a French government had allowed the negotiations to begin without too much difficulty. But it soon became clear that the new administration of Félix Gaillard, in office from early November 1957, would not accept the British FTA proposal as it stood. Drawing on a mixture of institutional and national archives, this chapter will hence in part concern itself with the evolution of French policy. It details variously the failure of the Six eventually to develop a common position vis-à-vis the FTA, attempts by London to stiffen German resolve in the face of mounting French disinterest in the FTA, German responses to this, and how yet another change of power in Paris—the return of General Charles de Gaulle—risked undermining all these efforts. But throughout the negotiations it was equally obvious that the position of the non-Six added still greater complexity to this landscape. So too did the hardening stance of the United States, the FTA increasingly regarded by Washington as a trade proposal that risked extending the area of discrimination against its own exports. Where all this left the FTA, finally vetoed by de Gaulle in November 1958, is a discussion that closes the chapter.

After briefly considering Britain's post-mortem of the failed FTA, Chap. 5 temporarily diverts from the chronological flow of previous chapters to understand why a narrower grouping of seven states eventually became the accepted alternative to a pan-European trade zone. As should become clear, a smaller bloc was never a guaranteed outcome since neither Britain nor many of its partners were sold on the idea. The chapter will therefore explore the momentum that eventually led to the EFTA negotiations. A crucial factor was the existence of Anglo-Scandinavian cooperation as one of the few readily available and feasible blueprints to fill the post-FTA void. Another impetus came from industrial federations who were themselves seeking a solution to the Six/non-Six divide. Even so, it took a series of governmental meetings between December 1958 and March 1959, and an ensuing Swedish-Norwegian mission designed to win support for the EFTA concept, to drive the plan forward. Throughout, it was the sense that the Seven could ill afford to sit and do nothing, and that the French attitude towards the FTA was likely to remain negative, rather than any positive proclamation in favour of unity among seven, which set the scene for the EFTA negotiations that were to follow.

Chapter 6 then undertakes a thorough examination of those negotiations as they got underway in Saltsjöbaden on the edge of Stockholm in June 1959 and continued until the initialling of the Stockholm Convention five months later. Despite the Convention appearing to have been

negotiated relatively swiftly, the chapter will highlight the recurrence of disagreements that had earlier marred the FTA over everything from tariffs to the place of fish and agriculture within an otherwise industrial trading zone. What it will likewise show, by contrast, is how these talks ultimately proved more constructive than the earlier FTA episode. That this was the case, it will argue, was due to greater flexibility and learning on the part of the British, who were more willing than before to offer a series of side-payments to their smaller neighbours in a bid to ensure that EFTA got off the ground. The concessions won by smaller countries would dramatically change the overall shape and character of the organisation but would in the process avoid a repeat of the FTA debacle.

With the Stockholm Convention having been initialled in November, Chap. 7 explores how the Seven set about consolidating their new Association. As member states quickly discovered, this was a task rather easier said than done. The Convention, formally signed on 4 January 1960, only gave a basic indication of how EFTA ought to work and function. The next months were therefore awash with complex discussions about the exact form and role of the Association's institutions, the placement of its headquarters and technical questions relating to nature of EFTA's free trade mandate. At a very early stage these matters all tested the newfound unity of the Seven. But the task of readying EFTA for operation—slated to begin in May 1960—was then only complicated by outside events. At heart, EFTA was designed not simply to create a free trade zone of the Seven but to bridge the gap with the Six. The chapter explores how this latter objective was curtailed by the negative response to EFTA from the United States and the EEC—including the president of the European Commission, Walter Hallstein. As well as grappling with this new reality, the Seven were soon forced to come to terms with a series of policy decisions pursued by Washington and Brussels that merely exacerbated already fraught multilateral relations. And EFTA members were in turn further tested by Finland's bid to join the Association, an event which brought the Seven into contact, and sometimes conflict, with the Soviet Union as well. Combined, these events ensured that the opening months of the Association's life were dramatic and called into question whether an EFTA bridge was a practical, viable alternative to joining the EEC.

In the event, EFTA was soon deemed by some of the Seven to be insufficient to meet their foreign and economic policy needs. Before thoughts could turn to abandoning the Association and applying instead to join the EEC, however, there were unresolved matters—Finland's application was

one, the speeding up of tariff reductions another—that needed settling. Consequently, Chap. 8 starts by considering how these loose ends were addressed. It then traces EFTA's evolution as several of its members set about negotiating their membership of the EEC. Inevitably, the chapter touches on the process leading to the July 1961 announcement by Macmillan, by then prime minister, of Britain's intention to apply to join the EEC. But much of the focus is instead on how the Association responded to Britain's move towards the Community and, still more so, how the application by Britain, followed soon by Denmark, was complicated by intra-EFTA deliberations. As we shall see, the already difficult decision for EFTA neutrals—Austria, Sweden and Switzerland—about whether they should join the EEC was made all the more bewildering by the intervention of the new US administration of John F. Kennedy, which stated beyond doubt that neutral countries were a threat to the stability of the Community. The chapter is thus concerned with explaining how this US intervention was managed as well as the subsequent place of EFTA within the 1961–1963 negotiations. Lastly, it will go on to detail efforts made by the Seven to 'relaunch' EFTA following de Gaulle's veto of January 1963—a moment when EFTA, designed as a temporary palliative to the economic division of Western Europe, appeared set to become a permanent fixture on the continent's institutional landscape. The implications of this, and the lessons we can draw from a study of the FTA and EFTA combined, are discussed at greater length in the final conclusion.

CHAPTER 2

From Messina to the Formation of 'Plan G'

With hindsight, the decision by the foreign ministers of the Six to gather in Messina, Sicily, on 1–3 June 1955 represented a landmark in post-war European integration. Over the nearly two years that followed, the countries involved would translate the vision agreed to at Messina to forge 'a united Europe by the development of common institutions' into a far-reaching common market and customs union.[1] Few contemporary observers fully appreciated quite how significant the conference was, however. Speaking with his Cabinet colleagues in mid-June, for instance, R.A. 'Rab' Butler, the British chancellor of the exchequer, described the Messina declaration as 'very weak and uninteresting'.[2] Nor did the Six's success in pursuing closer economic and political cooperation appear guaranteed. For sure, they could look back at the relative speed with which plans to pool their coal and steel resources under a common High Authority had culminated in the April 1951 signing of the Treaty of Paris and subsequent formation of the European Coal and Steel Community (ECSC). Souring this picture, however, was the August 1954 decision by the French National Assembly to refuse backing concurrent plans to reconstitute a

[1] UK National Archives, Kew [henceforward UKNA], CAB 129/76, CP(55)55, 'European integration. Note by the Chancellor', 29 June 1955.

[2] UKNA, T 230/394, Butler note, 18 June 1955.

M. Broad, R. T. Griffiths, *Britain, the Division of Western Europe and the Creation of EFTA, 1955–1963*, Security, Conflict and Cooperation in the Contemporary World,
https://doi.org/10.1007/978-3-030-97737-5_2

West German army within a European Defence Community (EDC). Not only did the collapse of the EDC throw into doubt whether it would be possible to build the necessary domestic consensus around any further cooperation among the Six. But the fact that the ensuing crisis was only mollified by formation of the British-inspired Western European Union (WEU) and the rearmament of the Federal Republic within the framework of the North Atlantic Treaty Organization (NATO), also seemed to vindicate those who saw intergovernmental cooperation as the only realistic path for governments to take.[3] For some, the Messina project risked becoming merely the latest addition to a growing list of failures.

By way of context, the job of this chapter is first briefly to recall British views of these earlier efforts to bring Europe closer together in the decade or so following the end of the Second World War. This should then allow us to examine how, from June 1955, London perceived and reacted to the Six's attempts to overcome the disappointment of the EDC—a process which in March 1957 resulted in the signing of the Treaty of Rome. An extensive literature has already done much to highlight how initial British disinterest in the Messina initiative soon gave way to the realisation that the United Kingdom (UK) could not afford entirely to absolve itself from shaping this new, potentially powerful economic unit being built on its doorstep.[4] Likewise well known is that having quickly ruled out its own involvement in the scheme, it was to the FTA that British policymakers eventually turned as their preferred solution to this challenge.[5] While largely confirming this interpretation, the analysis below extends prevailing research by more fully incorporating into the story not only how the Six grappled with the FTA concept but how other members of the OEEC did so too. This should reveal how many of the deliberations which took place among Britain and its partners in the OEEC throughout 1956, as with those during the course of 1957–1958 covered in subsequent chapters, coloured the entire framework within which EFTA

[3] Anne Deighton, 'The last piece of the jigsaw and the creation of the Western European Union', *Contemporary European History* 7, no. 2 (1998): 181–96.

[4] See, for example, Simon Burgess and Geoffrey Edwards, 'The Six plus One: British policymaking and the question of European economic integration, 1955', *International Affairs* 64, no. 3 (1988): 393–413; Miriam Camps, *Britain and the European Community, 1955–1963* (Princeton, NJ: Princeton University Press, 1964); Milward, *National*; Martin Schaad, 'Plan G—a "counterblast"? British policy towards the Messina countries, 1956', *Contemporary European History* 7, no. 1 (1998): 39–60.

[5] Ellison, *Threatening*.

later emerged and operated. To understand the creation and fate of that organisation, in other words, it is essential first to revisit the conception and collapse of its direct predecessor.

From Marshall to Messina

The British were of course never entirely frozen out from the integrationist currents that came to dominate post-war Western Europe. On the contrary, by the end of the 1940s they had found themselves entangled with the continent to an unprecedented degree. For a time there even existed in Whitehall a group—among them the new Labour foreign secretary, Ernest Bevin—actively pushing for Britain and France, together with their respective imperial territories, to create some sort of third force to fill the burgeoning vacuum between the United States and Soviet Union.[6] On the back of a French proposal, some in London likewise began seriously to consider British participation in a new European customs union.[7] And even if Britain's flirtation with the idea was brief, neither the Dunkirk Treaty agreed with France in March 1947 to guard against possible future German (and increasingly Soviet) aggression, nor its successor, the Brussels Treaty, signed a year later by the Benelux as well, implied complete British indifference towards the country's European contribution. This was especially obvious when Britain became a leading member of the OEEC established in April 1948 to administer American Marshall Aid. The British delegation to the OEEC had moreover been heavily involved at a technical level in reorienting the organisation's remit towards trade liberalisation via the creation of the European Payments Union (EPU).[8] And Britain likewise proved pivotal in forming the Council of Europe to help with post-war reconstruction. Indeed, among the 800 participants to travel to the Hague Congress—out of which the Council would eventually emerge—in May 1948 was a British contingent some 140-members strong, while it was in London almost exactly a year later, on 5 May 1949,

[6] Anne Deighton, 'Entente neo-coloniale? Ernest Bevin and the proposals for an Anglo–French third world power, 1945–1949', *Diplomacy and Statecraft* 17, no. 4 (2006): 835–52.

[7] Brusse, *Tariffs*, 54–60; Alan S. Milward, *The Reconstruction of Western Europe, 1945–1951* (London: Routledge, 2005), 235–55.

[8] Monika Dickhaus, '"It is only the provisional that lasts": The European Payments Union', in Richard T. Griffiths (ed.), *Explorations in OEEC History* (Paris: OECD, 1997), 183–200; Till Geiger, *Britain and the Economic Problem of the Cold War* (Aldershot: Ashgate, 2004).

that the Council's founding statute was eventually signed. Anyone wishing to find signs of Britain's intention of acting as a major player in European-based multilateral institutions need not to have looked any further.

When pushed, however, the British were rarely comfortable about becoming too deeply involved with their European neighbours. To take the example of the customs union above, Bevin's enthusiasm for the scheme was in the event quickly overshadowed by the intervention of the two principal economic departments in Whitehall—the Board of Trade and the Treasury—neither of which was keen to relinquish control over Britain's financial levers.[9] Had the Treasury got its way, it is also doubtful whether the EPU—a mechanism designed to improve trade by making currencies more easily transferable—would ever have come into being, at least in the shape it eventually did.[10] If this provided evidence of quite how fragile was Britain's European commitment, the approach adopted by London towards the likes of the OEEC and Council of Europe in turn underscored a more fundamental difference in political outlook. The British government, led between 1945 and 1951 by Clement Attlee, the Labour prime minister, in fact went to considerable lengths to ensure that the organisations to which Britain adhered would be given few meaningful powers. For this there was little apologising. As Hugh Dalton, a one-time chancellor of the exchequer, put it at the Labour Party's annual conference in 1948, the OEEC served as an illustration of pragmatic cooperation that was both modest in its aims and effectual in its methods: 'I am wholly for the practical British functional approach rather than for any theoretical federalism', he told delegates. As a result, and with an eye to left-wing policies such as nationalisation and full employment, it was deemed unimaginable that any foreign institution would have 'the power to decree' to Britain what its economic and political priorities ought to be. National sovereignty had to reign supreme.[11]

Crucially, this line of thinking was a cross-party, catch-all phenomenon that linked both left and right of the political spectrum—and a solid

[9] N. Piers Ludlow, 'A waning force: The Treasury and British European policy, 1955–1963', *Contemporary British History* 17, no. 4 (2003): 87–104.

[10] See Scott Newton, 'Operation ROBOT and the political economy of sterling convertibility, 1951–1952', *EUI Working Papers* 86/256 (1986); Milward, *Rescue*, 341–49; Ludlow, 'A waning force', 88–89; Ellison, *Threatening*, 6–7.

[11] Labour Party, *Annual Conference Report* (London: Labour Party, 1948), 177–79. Also Ettore Costa, 'Not giving up sovereignty: The British Labour Party's alternative vision of international cooperation, 1933–1951', in Broad and Kansikas, *European*.