Lessons from the 1975 renegotiation

By Oliver Lewis
About the Author

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About Business for Britain

Business for Britain is an independent, non-partisan campaign for a better deal from the European Union. Launched in April 2013, Business for Britain’s founding statement has now attracted the signatures (in a personal capacity) of over 750 British business leaders, including John Caudwell (Phones4u), Sir Rocco Forte (Rocco Forte Hotels), Robert Hiscox (Hiscox), Lord Kalms (Dixons plc), Julie Meyer (Ariadne Capital), Sir Stuart Rose (Ocado), Lord Wolfson (Next plc) and many more. The campaign’s Co-Chairmen are Alan Halsall, who runs the UK’s sole-surviving pram manufacturer, Yorkshire-based Silver Cross; and John Mills, Chairman of consumer products company JML Ltd and the largest individual donor to the Labour Party. The Chief Executive is Matthew Elliott, founder of the TaxPayers’ Alliance and Big Brother Watch, and Campaign Director of the NO to AV campaign in the 2011 Alternative Vote referendum.
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Foreword

In the period that followed Britain’s 1975 referendum on our membership of the European Economic Community (EEC), many who had voted to stay ‘In’ began to wonder if they had been misled. Over the proceeding weeks, months and years it emerged how little Prime Minister Harold Wilson’s government had accomplished in its renegotiations, and the extent of Britain’s powerlessness to prevent the expanding remit of the European institutions. Arguably, had Wilson achieved the changes set out in his Labour Manifesto in February 1974, Britain would not be seeking to redress the imbalance in our relationship with the European Union today. Instead, preoccupied with a divided party, a sluggish economy and unwilling to fight his overwhelmingly pro-Europe bureaucracy, Wilson surrendered to a half-baked renegotiation that failed to achieve any meaningful changes in Britain’s favour.

Almost 40 years later, David Cameron has taken the bold but necessary step of reversing Wilson’s failure. In a speech to Bloomberg in January 2013, the Prime Minister laid out a plan to tackle the EU’s excessive influence in British life and its direction of travel towards a federal Europe. He set out five principles along which he wanted to see fundamental reform of the EU as a whole: competitiveness; flexibility; powers flowing back to the Member-States; democratic accountability; and fairness. Reform in each of these areas would contribute to a better deal for Britain. While Cameron’s speech went down well in the media and opinion polls, it wasn’t long before a number of former civil servants and retired diplomats were being quoted in the press, warning of “damaging uncertainty” and “opportunism”. In fact, some of the officials from the early 1970s that are quoted in this paper will be familiar to those who read the few negative responses to the Prime Minister’s speech which were voiced from the margins.

I started the process of creating Business for Britain soon after that speech. Having spoken to some of this country’s most respected and influential business figures in the aftermath, it was clear that there needed to be a strong business voice making the case for changing Britain’s relationship with Brussels – a feature lacking in 1974. Today, with over 750 business people signed in support of our agenda, Business for Britain stands squarely behind the Prime Minister as he seeks to get a better deal from the EU. In our efforts to support that endeavour, we believe it is necessary to see how the opportunity for change was frustrated 40 years ago.
years ago, and to explore the ways in which similar roadblocks to reform can be traversed this time around.

The crisis in the Eurozone and a growing disconnect between the peoples of Europe and the EU has meant that today, the leaders of Europe are looking to embed the continent in banking, fiscal and possibly full political union. It is clear that the British people do not want their country to be part of this new movement towards federalism. David Cameron has taken a courageous step in seeking to redefine Britain’s relationship with the EU and make it work better for Europe as a whole. We hope that this paper contributes to that process by helping policy makers better understand the failures and successes of the Wilson government’s 1975 renegotiation.

Matthew Elliott, Chief Executive of Business for Britain
Executive Summary

The following paper is a detailed study of Britain’s 1974-75 renegotiation with the European Economic Community (EEC). It seeks to explain why the changes that were negotiated by Harold Wilson’s Government enjoyed such a positive reception at the time, despite failing to meet many of the targets they had set out before the event. The study is based on declassified documents in the National Archives, as well as new interviews with senior figures involved in the renegotiation.

The key findings in this paper are:

- Officials¹ and politicians sought to mitigate the scale of the 1975 renegotiation, with some officials convincing politicians that substantial change wasn’t necessary.

- Wilson’s government, with encouragement from officials, gave up nearly all of the manifesto promises for renegotiation – yet claimed that many had been reached in the subsequent referendum. In the words of Tony Benn, then Secretary of State for Industry: “We have not achieved our manifesto objectives and indeed we did not even try.”

- Harold Wilson deliberately signed up to a poor budget deal – against the advice of his officials. As Sir Michael Butler, then Assistant Under-Secretary for European Community Affairs, admitted to the author: “We didn’t get as much of an improvement as we could have had because Wilson showed absolutely no interest in the subject whatever.”

- Officials took control of renegotiation and that anti-marketeers² were deliberately excluded from the whole process. In the words of Sir Michael Butler: “Benn and Shore... never really got a look in on the way the negotiations should be handled.”

¹ In this work “officials” refers to members of the civil service, UKREP, officials in the diplomatic corps and other unelected figures who were involved in either the administration of British European/foreign policy or EEC affairs throughout the period.

² In this work, as is common in works about this period, those who supported membership of the EEC are referred to as ‘pro-marketeers’, and those who opposed Britain’s membership as ‘anti-marketeers’.

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There was a deliberate ploy among both politicians and officials to exaggerate the consequences of the renegotiation – with the intention of making people want to vote ‘In’. As Sir Michael Butler admitted to the author: “The renegotiation was billed as being a lot more than it was and the results, though satisfactory, were not very important.”

Officials deliberately encouraged the European Commission to feed into the narrative that there had been substantial change, to avoid mentioning the failures of the renegotiation and maintain that Britain had won some hard-fought victories.

Officials think that David Cameron’s renegotiation can be presented to the British public in the same style as 1975. As Lord Hannay, then First Secretary to the UK Delegation to the European Community, now chair of the UN All-Party Parliamentary Group, has said: “if you look around now, certain items of normal European business… may well be presentable to the British public as being something that is very good and in our interest.”

Having analysed the findings above, this paper draws from them some important lessons for the present day. Our conclusions are:

1. Clear objectives are needed before renegotiation commences;

2. Meaningful change requires Treaty change;

3. The expertise of people from a wide variety of backgrounds should be utilised;

4. Renegotiation should not be rushed and Parliament should be regularly updated; and

5. The integrity of the renegotiation must be upheld by eliminating undue influence on the referendum campaign.
Introduction

In the early hours of 23 January 2013, David Cameron, arrived at the Bloomberg headquarters in the City of London to make one of the most important speeches of his career; a speech that would tell the world how a future Conservative government would approach the European Union (EU) and answer whether he would meet the growing demands among his party’s supporters for a vote on leaving the EU. The media had arrived en masse; the speech had been trailed for many weeks. As it was delivered, attention fell on one key passage in which the Prime Minister made a bold and unexpected promise:

“The next Conservative manifesto in 2015 will ask for a mandate from the British people for a Conservative government to negotiate a new settlement with our European partners in the next parliament. It will be a relationship with the single market at its heart. And when we have negotiated that new settlement, we will give the British people a referendum with a very simple in or out choice. To stay in the EU on these new terms, or come out altogether. It will be an in-out referendum.”3

The speech delighted many in David Cameron’s own party and further afield and represented a major shift in Britain’s relationship with the EU. In the eyes of some commentators it was the most radical European strategy that could be imagined.4 For the current generation of political leaders, advisers and activists, Cameron’s proposals are unique; not since 1983 had a major British political party proposed a policy that could result in Britain leaving the EU.

While membership of the EU may seem an unquestionable fact for this generation of political leaders, four decades ago the idea that Britain should leave the then European Economic Community (EEC) was mainstream. In 1975, concerned that the Europe debate was tearing his party in two, the Labour government of Harold Wilson decided to hold an In/Out referendum. However Wilson, like David Cameron today, was able to convince his party that there should be a renegotiation first.

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3 D. Cameron, “EU speech at Bloomberg” (London, 23 January 2013)
It is tempting to note the similarities between the growing demand for a public vote that we see today and the similar demands that were made on the Wilson government in 1974. Then, as now, the Prime Minister’s party was clearly divided by its European membership. While Wilson himself stopped short of advocating leaving, he acknowledged that there were serious shortcomings with the European project, shortcomings that could only be rectified by a renegotiation and a referendum. Wilson had previously made his support for Europe clear (he had tried to take Britain into the EEC in 1967) and he made it known that he would support membership if the right terms could be reached. Likewise, in his Bloomberg Speech, David Cameron made it clear that he supported the EU and wanted it to work, leaving his stance in no doubt: “if we can negotiate such a [satisfactory] arrangement, I will campaign for it with all my heart and soul.”

A Peter Brookes cartoon that featured in The Times the day after the Bloomberg speech

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1 D. Cameron, “EU speech at Bloomberg” (London, 23 January 2013)
2 P. Brookes, The Times, 24 January 2013, found at <http://www.thetimes.co.uk/tto/opinion/article2481811.ece>
Those who hope to see the Prime Minister’s approach succeed are keen to avoid a repeat of Wilson’s failure in the early 1970s. Despite his promise in 1974 to introduce a “fundamental renegotiation of the terms of entry [into the EEC]”, nearly all historians agree that Harold Wilson’s actual renegotiation was an insignificant event that brought little change to Britain’s relationship with the EEC.\(^7\) This is a view supported by Gowland, Turner and Wright in their study of Britain and European integration:

“The renegotiation exercise began formally in June 1974... At an early stage in the proceedings the Cabinet decided not to seek changes to the existing EC treaties, thereby limiting the scope of British demands. Those which figured most prominently on the agenda were the reform of CAP [Common Agricultural Policy], a reduction in the UK’s contribution to the Community budget and an extension of guaranteed access to EC markets for Caribbean sugar producers and New Zealand farmers beyond the agreed cut-off date of 1977. Only on the last item did Wilson obtain any tangible results, securing a number of concrete concessions at the Dublin European Council of March 1975. With regard to the others, even the most modest achievements that he claimed were illusionary.”\(^8\)

The significance of these “illusionary” achievements are clear for all to see. The newspapers began printing reports of the renegotiation having been a success as early as January 1975, at which point the polls began to swing decisively behind staying in the EEC (see below).\(^9\)

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\(^7\) Labour Party Manifesto, London, February 1974

\(^8\) D. Gowland, A. Turner, A. Wright, Britain and European Integration since 1945: On the Sidelines, Routledge, Oxford, 2010, p. 81

\(^9\) R. Berthoud, EEC’s Dublin summit in March to settle terms of renegotiation, The Times, 20 January 1975
While it is naïve to try and find direct parallels in history, the 1975 case does provide some interesting lessons for today’s renegotiation. The similarities in the European policy of Harold Wilson and David Cameron afford us a unique opportunity to see how the next few months and years may develop.

This paper seeks to draw those lessons. It provides a brief history of what took place between 1974 and 1975 and highlights the factors that led to the renegotiation being subsequently considered a failure, as well as the reasons it was given a positive reception by the public. Via original research of archived Foreign and Commonwealth Office (FCO) and Cabinet Office documents and new interviews with the diplomats and civil servants who managed the renegotiation, it comes to a series of conclusions about the activity of the various officials, and their efforts to influence the negotiations to advance their own interests.

Following this analysis, the paper looks at how a meaningful renegotiation in 2014-17 could be successful. It will consider the role of politicians, civil servants and diplomats in the process of getting a new deal, and selling that deal to the general public. Through this comparison, the paper will make a series of recommendations and key benchmarks for judging the success or otherwise of the changes as laid out by David Cameron.
1. “A little rubber life raft”: The origins of the 1975 renegotiation

The renegotiation of 1974-75 and the subsequent referendum had its roots in the internal struggles of the Labour Party. By the time of the February 1974 election, “Europe” was the single most problematic issue that Harold Wilson faced, as long standing divisions among party members on whether Britain should be a member of the EEC split the Labour Party hierarchy. Senior figures openly disagreed with each other and Parliamentary votes became defined by Labour backbench rebellions. Wilson’s decision to call a renegotiation can only be understood in light of the long standing historic divisions that were coming to the fore in the 1970s, and the impact these were having on the Labour Party’s leadership.

1.1 The historic attitudes of the Labour Party to European integration

The European debate was a large part of political discourse in 1975. Ever since the French Foreign Minister Robert Schuman had proposed a European Coal and Steel Community in 1950, Britain’s politicians had been divided over whether Britain should join the new club. While the first generation of post-war politicians, including Churchill, Atlee, Eden and Gaitskell had all opposed membership, the up-and-coming next generation of politicians, including Harold Macmillan, Edward Heath and, crucially, Harold Wilson, were a lot more receptive to the idea of joining. However, both of the main political parties were divided on the topic.

When the shift in attitudes towards Europe finally came it was a change that, for both Conservatives and Labour, was driven by a change in views at the top rather than the product of a party-wide realisation. When Harold Macmillan decided to try and take Britain into the EEC and was frustrated by French President de Gaulle’s use of the veto in January 1963, his failure was met with relief by many in his party. As one lecturer, Richard Bailey, put it: in the eyes of many Conservatives, Britain had “had a lucky escape.”10 By the time that Edward Heath had become leader and finally managed to take Britain into the Community, this scepticism had started to find articulate spokesmen, including the maverick Conservative MP Enoch Powell. Powell would have his revenge on Heath’s European policy by refusing to stand in the 1974

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election, instead recommending that people voted Labour so as to ensure a renegotiation could take place; an act that has led historians like J. Young to conclude that “arguably the Common Market… had an important impact on the election result.”

Having played a key role in bringing down the Heath government, the European question also plagued the second Wilson government. The internal squabbles that erupted over Europe within the Labour Party were beyond even Wilson’s ability to manage. In the end, to regain control over his party, Wilson sacrificed several of a Prime Minister’s most important tools for maintaining discipline. Ministers were given the right to “agreement to differ” and could publicly oppose each other, while Parliament passed its decision-making powers to the British public, who were asked their view on Europe directly in the first ever nationwide referendum. There is a general consensus that “the referendum had been Wilson’s way and, probably, was the only way, of reconciling… within the Labour government between ‘pro-marketeers’… and the ‘anti-marketeers’.”

Wilson’s objective was not so much to manage the high politics of Britain and Europe but instead to ensure the Labour Party was kept together.

Keeping the Labour Party together was a big ask. Like many long-standing political debates, Labour’s division over Europe was rooted deep in the history and culture of the party. The desire to build the “New Jerusalem” and to end the blight of mass unemployment had driven many away from what they saw as a “capitalist club” and a potential rival to Westminster. In their eyes the EEC would be an impediment to building Britain’s socialist future. For others, Europe was a way of realising the social democratic Britain they dreamed of. Membership was a way to, as Roy Jenkins saw it, inject a progressive European dimension into British social policies. While the anti-marketeer Hugh Gaitskell remained the Labour Party’s (from 1955 to 1963) his belief that joining would be akin to abandoning “a thousand years of history” kept the party firmly Eurosceptic. However, following the death of the charismatic leader in 1963, the Labour Party began a reassessment of its European position as, individually, Labour members tried to work out where they stood on membership.

Detailed studies have shown that during this time the Labour Party moved a great deal on Europe, shifting from one extreme to the other. In their authoritative study, Baimbridge et al

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13 T. Raineau, “UACES Conferences, Forty Years since the First Enlargement” (Woburn House, London, 7-8 March 2013)
demonstrated that the Annual Party Conference’s stance on Europe was dynamic.\textsuperscript{14} A handful of samples will suffice to demonstrate this constant shift:

**European policies of the Labour Annual Policy Conference\textsuperscript{15}**

<table>
<thead>
<tr>
<th>Year</th>
<th>Position of the Labour Annual Party Conference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947</td>
<td>Support for European integration</td>
</tr>
<tr>
<td>1950</td>
<td>Supported only European intergovernmental cooperation</td>
</tr>
<tr>
<td>1962</td>
<td>Conditional support for entry</td>
</tr>
<tr>
<td>1975</td>
<td>Campaign for a ‘No’ vote in the 1975 referendum</td>
</tr>
<tr>
<td>1976</td>
<td>Advocate European Community reform</td>
</tr>
<tr>
<td>1980</td>
<td>Withdrawal commitment in the manifesto</td>
</tr>
<tr>
<td>1988</td>
<td>Pro-membership</td>
</tr>
</tbody>
</table>

This was clearly a party that had not made up its mind. In 1967 the conference voted 2:1 (4,147,000 votes to 2,032,000) in favour of entry yet, just eight years later, it advocated withdrawal. Further evidence of these shifting attitudes can be found in the intellectual development of nearly any given prominent Labour Party politician. Denis Healey during his time as International Secretary of the Labour Party from November 1945 to 1952 had demonstrated good European credentials by establishing links between the Labour Party and socialists across Europe. Yet, during this period of goodwill, he underwent a slight crisis of confidence, writing a pamphlet in 1948 called “Feet on the Ground” in which he argued against any sort of European Federation. Twenty years later and Healey was still unsure, penning an article for The Mirror on 26 May 1971 entitled “Why I changed my mind”, stating that the world has changed a lot in the last nine years and so had the Common Market. As Roy Jenkins wryly noted in his memoirs however, the title “turned out to be singularly unfortunate as he was to change it again within a few weeks.”\textsuperscript{16} Variations of this story can be found across the Labour Party, even the resolutely “anti” Tony Benn had once been sympathetic to the idea of the European Community.

\textsuperscript{15} ibid., pp. 50-52
The inevitable result of such widespread fluctuating thinking was that division over Europe became one of the defining features of the Labour Party during these years. As Wilson put it in his memoirs, “In all my thirteen years as Leader of the Party I had no more difficult task than keeping the party together on the issue.”\(^\text{17}\) Divided between those who were pro-European (for whom, according to Wilson “adherence to the EEC was not so much a policy as a way of life”\(^\text{18}\)) and the anti-marketeers headed by Tony Benn and Michael Foot (who according to Wilson “were against entry... regardless of the terms”\(^\text{19}\)) the party found it difficult to speak with one voice.

**1.2 The impact of the European issue on Harold Wilson’s leadership**

Following George Brown’s departure, Roy Jenkins emerged as the leader of the pro-European faction in the Parliamentary Labour Party. Having previously resigned from the front bench over the issue of Europe, by 1970 he had returned to grace and had been elected Deputy Leader. His group saw Europeanisation as a good unto itself and his followers started to argue for Europe within the House of Commons, most notably John Mackintosh, the MP for East Lothian, who delivered a devastating attack on those who feared for national sovereignty. He defended the “Butter Mountains” as a small price to pay for a properly managed control economy and argued in favour of a subsidy regime as “we believe that there is value in rural life.”\(^\text{20}\)

However, these pro-marketeers were not content to simply articulate their belief; they also felt a need to act on it. When Heath had presented the European Communities Bill to the House of Commons, despite there being a three-line Labour whip to oppose the measure, 69 Labour MPs decided to vote for the Second Reading and 20 more abstained. During the vote Jenkins showed the extent of his dedication to Europe, refusing to vote against membership and even refused the whip’s concession of abstaining. He would go on to resign the Deputy Leadership and leave the Shadow Cabinet when Wilson decided to support a referendum in April 1972. With actions like this it is not surprising that the pro-marketeers managed to

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\(^{18}\) ibid., p. 50

\(^{19}\) ibid.

\(^{20}\) House of Commons Debate, 21 July 1971 vol. 821 c. 1535
accumulate a number of critics. Barbara Castle described those whose dedication was for “putting Europe first” as “sanctimonious, middle-class hypocrites.” These splits and the refusal to obey the leadership made the Labour Party ungovernable, both in appearance and in reality. Reflecting back nearly forty years later, Wilson’s trusted confidante Bernard Donoughue noted that the genesis of the Social Democratic Party lay within Roy Jenkin’s resignation spat with Wilson.\(^{22}\)

At the same time, elements within the Labour Movement were moving in a much more anti-marketeer direction. In September 1973, the Trade Union Congress (TUC), during their annual congress called for renegotiation of the EEC, but the motion was nearly hijacked when a resolution was proposed calling for withdrawal, prompting the National Executive Committee (NEC) to consider adopting an ‘Out’ position. This caused Wilson more problems, with the Prime Minister at one point threatening to step down as leader if the NEC voted ‘Out’, an act which was enough to convince Barbara Castle and Joan Lestor to change their stance, preventing the NEC from changing its position.\(^{23}\)

1.3 Harold Wilson promises to address Labour’s concerns

Faced with a party that was, very publicly, tearing itself apart, the race was on to find some way of uniting the two factions. It was Jim Callaghan who came up with the initial idea that Wilson adopted to keep the party under control, the idea that membership was unacceptable on the terms that Heath had accepted. Wilson embraced this line, declaring “the terms that Mr Heath has accepted means that Britain has to accept terms and burdens and sacrifices which no other members of the six would ever have accepted for themselves.”\(^{24}\) How far Wilson believed this is open to debate. Save a minor desire to allow the Commonwealth easier access to the British market, Wilson was largely indifferent to what was renegotiated. It was a position that allowed Wilson to adopt an anti-marketeer tone in opposition, keeping the anti-marketeer group on side, whilst simultaneously not entirely isolating the pro-marketeer Labour group.

\(^{22}\) Quoted in H. Young, This Blessed Plot, Overlook Publishing, New York, 1998, p. 260
\(^{24}\) BBC archival footage
This position however could only serve as a temporary fix. Whilst in opposition the party could coalesce around the vague idea of ‘renegotiation’ and appear united, the divisions had in reality only been papered over. Renegotiation meant different things to different people. For anti-marketeers it was a stepping stone to independence, for pro-marketeers it was a process to be endured before campaigning to remain ‘In’. The leadership were well aware that when Labour returned to power the incompatibility of the party’s two wings would be exposed for all to see.

It was Tony Benn who stumbled across the idea that would eventually be used to unite the party permanently when, in 1971, he proposed that the question of membership could be resolved by holding a referendum, each side could make their case to the people and their decision would be final. Callaghan remarked drily at the time that “Tony may be launching a little rubber life raft which we will all be glad of in a years’ time.”25 Wilson agreed and the February 1974 Labour manifesto committed a government to letting the people decide “through a General Election or Consultative referendum.”26 Renegotiation was a way of placating the party in the short term; the referendum would resolve the issue in the long term.

Wilson clearly had a political reason to support renegotiation and a subsequent referendum. Whether he believed there was a patriotic reason to support it is a lot more doubtful. While he presented his case for a renegotiation in the language of national concern and warned of the “burdens and sacrifices” that came with Heath’s terms of entry, his subsequent lack of interest or willingness to pursue a meaningful change with the EEC suggests that, for Wilson, renegotiation was more about keeping the Labour Party together and only slightly concerned with securing a better deal for Britain.

25 V. Bogdanor, “Tony Benn and the idea of participation” (Gresham College, 16 April 2013)
A McMurry cartoon in the Daily Mail before the referendum entitled

“How can we make it get back in the lamp?”27

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27 S. McMurry, *Daily Mail*, 24 March 1975, British Cartoon Achieve, University of Kent
2. “We shan’t have any problems over Europe”: Harold Wilson’s view

Unlike many of his more vocal backbenchers and Shadow Cabinet colleagues, commentators found it very hard to work out where Wilson stood on the European issue. Some saw him as appearing neutral - a voice of reason between the two radically different and passionate views that divided his party. In fact Wilson was never neutral. He was pro-European, though not fanatically so. He was willing to present himself as an anti-marketeer to placate his backbenchers, but in fact always supported Britain’s European membership and had little interest in taking powers back from the EEC.

2.1 Harold Wilson’s pro-marketeer views

Wilson’s willingness to threaten his leadership at the NEC vote suggests a commitment to the European project which was not appreciated by his contemporaries. Wilson had been forced to offer a renegotiation and a referendum, but there was little doubt in his mind about what the outcome of any future vote ought to be. Even the most superficial study of Wilson shows that, despite his tendency to use anti-marketeer statements in speeches, he was always committed to the European cause. He always wanted Britain to vote ‘In’. His pro-marketeer beliefs were not born of a passionate idealism or a cultural belief in Britain’s European destiny (both statements that would accurately describe Roy Jenkins) but stemmed from an intellectual view that EEC membership was the only way that Britain could retain some vestige of power in the super-power dominated world of the late 20th Century.

Wilson’s overriding concern when it came to Europe was to unite the Labour Party. Throughout the renegotiation period 1974-1975 Wilson would give far more thought to the management of the party than he did to actually getting concessions from the EEC. While he was keen to win some concessions for the Commonwealth, his main concern, in the words of Bernard Donoughue, the then head of the No. 10 Policy Unit, was: “he [Wilson] wanted to negotiate some concessions in order to sell to the party.”28 The emphasis that was placed on party unity over Europe was perhaps best seen after Labour’s return to power when Wilson’s close colleague, the newly appointed Foreign Secretary, James Callaghan, called the Assistant

28 Interview between Oliver Lewis and Lord Donoughue, House of Lords, 10 July 2013
Under Secretary for European Community Affairs, Michael Butler, to his office and asked the civil servant if he really cared about Europe. When Butler enthusiastically replied that he did Callaghan replied, “That’s all right by me. But just remember I really care about the Labour Party.” It was a view that Wilson shared.

There was no doubt that Wilson wanted Britain to stay in Europe; in the words of Joe Haines, Harold Wilson’s Press Secretary from 1969 to 1976:

“Harold’s principle object in politics was to keep the Labour Party together... he had to duck and dive and weave and go with the flow... but he never lost sight of the fact that we would end up in Europe.”

By 1974, Wilson had been convinced for many years that EEC membership was essential if Britain was going to maintain its standing in the world. Wilson had tried to take Britain into the European Community in 1967 and had responded to President de Gaulle’s second veto by insisting on still trying for membership. The commitment that he had to the European cause was noted by some at the time, such as the US Secretary of State Henry Kissinger who claimed “Harold Wilson is almost certainly one of those few men but for whom Britain could not have entered the Community” and today is noted by historians, including the official historian of Britain and the European Community, Sir Stephen Wall, who has dubbed Wilson as the man who attempted to take the British people into Europe.

Despite this pro-European drive, Wilson’s approach to Europe was not driven by idealism; he had nothing but contempt for those who, in his eyes, put their loyalty to the EEC above all else. Culturally too, there were limits to Wilson’s pro-Europeanism. In an interview with the author Donoughue described how “He was a little Englander”, the sort of person who considered a trip to the Isle of Scilly as a foreign holiday. His was not a cultural or ideological attachment to Europe, his support was driven by cold logic. In the words of Roy Hattersley

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30 Interview between Oliver Lewis and Lord Donoughue, House of Lords, 10 July 2013
31 BBC archival footage
35 Interview between Oliver Lewis and Lord Donoughue, House of Lords, 10 July 2013
“Harold was an economist. He regarded Europe as the economies of scale, I guess on balance he decided it was in Britain’s interest to be in.”36 Wilson had been convinced that, in Gowland’s words; “Britain could only maintain the semblance, if not the reality, of a world power status through joining the EEC”. 37 Donoughue would later tell the author “he did see the Foreign Office argument that it gave us a position at one of the big tables in the world.”38

2.2 Harold Wilson’s claim to be an anti-marketeer

This lack of passion when it came to Europe meant that Wilson was willing to criticise the EEC when it became politically advantageous. Wilson was also aware that Europe lacked popular support;39 in the years following Britain’s entry the polls had constantly showed that a majority would vote out and would continue to do so up until November 1974.40 Wilson played on this, eager to shore up his anti-marketeer supporters and to win support in the country. The most famous example of this came at the start of the “Grand Debate” in October 1971 on the principle of joining the EEC, when Wilson accused Heath’s bid to enter as being a breach of the Conservative manifesto, a document which had pledged that the government would “negotiate; no more, no less” (a point the Foreign Secretary, Sir Alec Douglas-Home, conceded).41 Wilson closed the debate by berating the failure of the government to secure good terms of entry:

“To my mind, the most serious charge against the right hon. Gentleman in negotiating these terms relates to their consequences for Britain’s balance of payments with all that that means for prices and unemployment… I regard the government’s deal over sugar as a betrayal... The condemnation of this government is not that they failed to secure terms which would have ensured that the Labour government’s stated requirements were met. The condemnation of them is that they did not even try.” 42

36 BBC archival footage
38 Interview between Oliver Lewis and Lord Donoughue, House of Lords, 10 July 2013
41 House of Commons Debate, 21 October 1971, vol 823 c. 913
42 House of Commons Debate, 28 October 1971, vol 823 c. 2082
Wilson was not above a little nationalist rhetoric, accusing the government of “grovelling to their French patrons.” The February 1974 Labour manifesto carried on with this critical tone, warning readers “the Common Market now threatens us with still higher food prices and with a further loss of Britain’s control of its own affairs”, with Wilson dedicating space in his personal foreword to the party’s manifesto, to promise that Labour “shall restore to the British people the right to decide the final issue of British membership of the Common Market.”  

For those who did not know him in private, it would have been very reasonable to assume that Wilson had got into bed with the anti-marketeers.

Yet Wilson never actually contemplated leaving. In private, he made no secret of his pro-European views, telling an FCO official who had just expressed his devotion to European membership that “we shan’t have any problems over Europe.” Even during his attacks on the EEC from 1970 onwards, he avoided attacking the principle of going into the EEC, although only the most astute of political observers would have noted this important detail. For those who did know him, his pro-Europeanism was not in doubt. On 6 December 1974, Donoughue wrote in his diary “he [Harold Wilson] never talks of actually pulling out. When discussing what happens if we don’t get the terms, he always avoids actually saying “we come out.” In an interview with the author, Donoughue would also later recall that there was no chance that Wilson would have considered voting Out in a referendum, although he did feel the need to ask Wilson which way he would vote on election day, a reminder that Wilson was never a fanatic for membership.

Wilson’s hope was that, by taking a sceptical line, he could convince the public that he shared their concerns and that his renegotiation had addressed their issues. As Donoughue put it to the author, “You promise people a referendum, you first of all try and get some concessions then you go to the people and say we’ve got some concessions then they would vote ‘good for you’.” According to Harold Wilson’s former press secretary, “Right from the start he believed that he could win a referendum on the Market, for staying in.” In Wilson’s eyes the referendum was something to be won and the façade of Eurosceptism, including the renegotiation, was the tool for winning it.

44 Interview with M Palliser by J Hutson April-August 1999, found at <http://www.chu.cam.ac.uk/archives/collections/BDOHP/Palliser.pdf>
46 Interview between Oliver Lewis and Lord Donoughue, House of Lords, 10 July 2013
47 Ibid.
3. “A misleading term”: Creating the renegotiation

It took a little over a year for Harold Wilson to go from entering No. 10 to addressing the House of Commons and announcing that he had renegotiated Britain’s membership and was recommending an ‘In’ vote. On 18 March 1975, the Prime Minister told the Commons that “Her Majesty’s government have decided to recommend to the British people to vote for staying in the Community,” with the new terms of membership to be subject to a referendum, with collective cabinet responsibility on the issue temporarily suspended. The renegotiation, which had initially been presented as a radical sounding set of proposals, had excluded the anti-marketeers and instead been led by the pro-marketeers in his party and the FCO, who took steps to mitigate the changes. These groups united to convince the government to abandon Treaty change and to embrace a set of far less radical reforms.

3.1 Wilson presents renegotiation as a radical policy

Renegotiation was, at least before February 1974, presented as a radical undertaking. Harold Wilson, aware of the opposition to the EEC among his party and the general public, was happy with the Labour Party defining renegotiation in its manifesto with dramatic language, calling for ‘fundamental renegotiation of the terms of entry’ including:

Major changes in the COMMON AGRICULTURAL POLICY, so that it ceases to be a threat to world trade in food products and so that low-cost producers outside Europe can continue to have access to the British food market.

New and fairer methods of financing the COMMUNITY BUDGET. Neither the taxes that form the so-called “own resources” of the Communities, nor the purposes, mainly agricultural support, on which the funds are mainly to be spent, are acceptable to us. We would be ready to contribute to Community finances only such
sums as were fair in relation to what is paid and what is received by other member countries.

As stated earlier, we would reject any kind of international agreement which compelled us to accept increased unemployment for the sake of maintaining a fixed parity, as is required by current proposals for a European ECONOMIC AND MONETARY UNION. We believe that the monetary problems of the European countries can be resolved only in a world-wide framework.

The retention by PARLIAMENT of those powers over the British economy needed to pursue effective regional, industrial and fiscal policies. Equally we need an agreement on capital movements which protects our balance of payments and full employment policies.

The economic interests of the COMMONWEALTH and the DEVELOPING COUNTRIES must be better safeguarded This involves securing continued access to the British market and, more generally, the adoption by an enlarged Community of trade and aid policies designed to benefit not just "associated overseas territories" in Africa, but developing countries throughout the world.

No harmonisation of VALUE ADDED TAX which would require us to tax necessities.50

At first glance these aims appeared to be substantial. The German government was, according to newspaper reports, worried that the signs indicated that “the Labour government prefers cooperation in a loose customs union to being closely bound in political and economic union”, 51 and the Financial Times wrote an article on the scale of the changes being proposed on CAP.52 A careful re-reading, however, shows that many of these areas lacked the necessary detail that would allow the government to be held to account. The language gave the government a great

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52 The limits of renegotiation, Financial Times, 6 March 1974
deal of leeway to draft the settlement they desired, while at the same time not proposing anything that risked upsetting the other European leaders. Donoughue would later admit to the author “the loose wording was fairly deliberate... Harold really wanted it loose. But he was also very keen that it shouldn’t be a problem with the electorate.” In other words the intention was for renegotiation to seem radical, but in reality it was only as radical as the Prime Minister would allow.

To many observers this radical sounding set of proposals would have been most welcome. It was clear to many that there was a lot that needed to be changed. Heath’s obsession with taking Britain into the EEC under any circumstances had led to many, even pro-Europe commentators confessing that the country had got a bad deal. The EC’s own analysis showed that the gap between what Britain contributed and what it received would only increase in the coming years. According to the government’s estimates after the transitional period, Britain’s contribution to the European budget could be expected to account for between 25% and 27% of the total Community budget (an outflow of up to £700 million per annum), yet the UK could only expect to get 8% of the Community budget in return. Unfortunately other European governments were loath to accept these figures, not least because acknowledging them would acknowledge the need for wholesale change. As the Labour Manifesto also reflected, there was great concern with Economic and Monetary Union (EMU), and fears that the Common Agriculture Policy (CAP) and Common Fisheries Policy (CFP) would cause Britain’s finances and natural resources to be depleted by the other member states over the next few years.

3.2 Wilson and Callaghan exclude anti-marketeers from the renegotiation team

Wilson found himself in an advantageous setting when he arrived in 10 Downing Street. The European political scene was changing; on 2 April 1974 President Pompidou died. Added to this, on 7 May 1974 Willy Brandt was replaced as German Chancellor by Helmut Schmidt. Wilson was now the elder statesman of the European powers, his ability to influence the ECC’s direction by playing on his experience at summits was greater than he could possibly have hoped prior to taking office. Callaghan spoke of the way that the Community as a whole had

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53 Interview between Oliver Lewis and Lord Donoughue, House of Lords, 10 July 2013
54 £700 million is equivalent to £4,977,840,000 in 2012 prices
entered a period of reappraisal. Considering these factors, contemporaries could have been forgiven for assuming that substantial change was both achievable and likely.

To understand why Wilson failed to make use of his advantages to secure the radical sounding ambitions of his manifesto, it is necessary to look at the Prime Minister’s priorities. Over the course of thirteen months, renegotiation could be seen as not so much a campaign for a better deal from Europe, but instead the central pillar in a subtle re-education programme, as Wilson tried to convince the anti-marketeers in his Cabinet that things had changed and that they should support the Community.

Following the General Election it was quickly decided in meetings between Wilson and Callaghan that the government needed to decide on direction and the mechanics of the renegotiation. As a result two new Cabinet committees were established, one for ‘European Community Strategy’ under the Prime Minister’s leadership which included most senior members of the government (although not Tony Benn who was only invited to certain meetings), and one for ‘European Questions’ which was headed by the Foreign Secretary. A subordinate Cabinet Office Unit was also set up under the remit of the second permanent secretary in the Cabinet Office Patrick Nairne.55

It was also decided that prominent pro-marketeers and anti-marketeers would be given portfolios that kept them out of the whole renegotiation process. Michael Foot and Barbara Castle were consequentially assigned domestic portfolios, while Roy Jenkins was notably given the Home Office brief. Wilson realised, however, that he had to give the impression that both sides had some say over ECC policy. He thus decided that the Europhile Roy Hattersley would be made Minister for Europe, but that Callaghan should travel to Brussels with the highly sceptic Secretary of State for Trade, Peter Shore. While on paper this looked reasonable, in fact it was decided behind the scenes that if Callaghan could not attend an event then Hattersley would take the lead instead of Shore, meaning that a Secretary of State was put in an inferior position to a minister.56 Any reasonable image was just a façade, the one time that Peter Shore attended a European event by himself and made his anti-marketeer beliefs known and challenged key areas of Britain’s membership it provoked a storm of fury in Whitehall, with Britain’s European

55 Referendum: Renegotiation information policy, FCO 30/3075, TNA
Commissioner Christopher Soames, warning “don’t let it happen again.”\textsuperscript{57} Butler would later tell the author: “I didn’t have material obstacles in the Labour government because I was working directly to Callaghan and none of the other ministers were playing a big role” and later in the interview he also described how, “Benn and Shore... never really got a look in on the way the negotiations should be handled.”\textsuperscript{58}

Perhaps the most defining example of Shore being kept in the dark came a year after the referendum, when Shore exploded in Cabinet after having been told that British passports would have to have the words ‘EUROPEAN COMMUNITY’ on the front; he had had no idea about this, despite being nominally part of the renegotiation process.\textsuperscript{59}

At every stage those in Government pushing for less Europe were excluded from the renegotiation debate. When the Labour EEC Liaison subcommittee requested information, the officials responded by sending them information but informed Hattersley in private that “[because] we assumed it could leak... we have not been able to go into so much detail... as we might have done.”\textsuperscript{60} In addition to restricting access to information, anti-marketeer ideas were often constrained. On 1 November 1974, Peter Shore sent a memo to Harold Wilson in which he proposed that, while Britain should seek to remove tariffs between the UK and the Community, it should refuse to impose new Community tariffs between the UK and countries outside the EEC. Wilson was initially supportive of the idea and asked for Shore to see if the Commission would delay implementation of the new tariffs. The response from Ortoli and Soames was a resounding ‘No’, a decision which, coupled with Callaghan and the Attorney General’s opposition, convinced Wilson to drop the idea. Later, when Shore pointed out on 21 November 1974 that the CAP reforms that had been secured so far by Fred Peart would not pass any benefits onto the consumer, he was shouted down in Cabinet with Barbara Castle noting in her diary “Jim was positively nasty to Peter: ‘He had got it utterly wrong... this is a breakthrough in the ideology of the Commission’.”\textsuperscript{61} Substantial ideas for reform, or highlighting the shortcomings of renegotiation were dealt with shortly and abruptly.

\textsuperscript{57} ibid., p. 543
\textsuperscript{58} Interview between Oliver Lewis and Sir Michael Butler, 22 July 2013
\textsuperscript{59} T. Benn, \textit{Against the Tide, Diaries 1973-77}, Arrow, London, 1991, p. 579
\textsuperscript{60} Confidential letter from H J Arbuthnott to Roy Hattersley, FCO 30/2612, TNA
\textsuperscript{61} Extract from Barbara Castle’s diary, \textit{found in Britain and European Integration since the Second World War}, Manchester University Press, Manchester, 1996, p. 163
The effect of this process was that anti-marketeers, despite seemingly being in the loop, were in effect barred from influencing renegotiation, which became the effective purview of Wilson, Callaghan and (to a lesser extent) Hattersley. Even the teams that were set up lacked power to influence the decisions, with Wall describing how “there was within Whitehall no formally constituted renegotiation team as such.” With such a clear concentration of authority in one area, it was obvious to observers with a keen eye that renegotiation could be easily steered. All that was required was to change the attitude of the two key people that mattered, Wilson and Callaghan, and it was possible to change the whole process of renegotiation.

3.3 Officials take control of the renegotiation

It took very little time for elements within the Civil and Diplomatic Service to realise that it would be easy for them to influence the direction of renegotiation. These officials enjoyed extraordinarily close contact with the two men who were in control of renegotiation. Michael Butler described to the author:

“The fact that I was working on a White Paper [on renegotiation] was very confidential to start with. I would have thought it was the end of March before the draft was seen by anybody except me and the Foreign Secretary and his personal team.”

Private correspondence between officials reveals how they were aware of the concentration of power, referring to the fact that “the Foreign and Commonwealth Secretary was to be in charge of ‘all negotiations’ relating to the European Community”, and while stating they would have to wait and see what the Foreign Secretary said, their “preliminary thinking was... the concept of negotiating from within and also within the framework of the Treaties.” It was these officials, making use of their unique access, who would come to steer and define renegotiation.

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63 Interview between Oliver Lewis and Sir Michael Butler, 22 July 2013
64 European Community: Current Policy Approach, FCO 30/2387, TNA
While Buller and Smith have argued that it is very hard to measure institutional political beliefs within Whitehall towards the EEC, general attitudes, certainly among the top, can be discerned.65 Many of the FCO’s top officials from 1974 have admitted that they were pro-European, including Michael Palliser (UK Permanent Representative to the EEC) and Michael Butler.66,67 Historians looking at the period have recognised this tendency in the FCO and accounted for it in their narrative.68 Some politicians at the time also noted this pro-Europeanism in the constant flood of pro-EEC documents that came from the FCO, leading Donoughue to complain to the author that the FCO was “biased.”69 A few years later and this bias had only increased. David Owen would recall in his memoir that while he was Foreign Secretary between 1977 and 1979, “many of the British diplomats [were] Euro-federalists, [who] believe in an eventual United States of Europe.”70

It’s not that surprising that many of the officials were not wholly welcoming of the new Labour government, viewing the Labour Party’s pledge to renegotiate Britain’s membership with trepidation. In the words of Michael Palliser “I can’t say that the election result filled me with enthusiasm.”71 Palliser went on to describe how:

“The reaction of my colleagues was a kind of combination of mirth, disbelief and I think a degree of indignation, I mean, was I really telling them that barely three years after we had become members we were once again going to put the whole thing back into re-negotiation and what on earth did that mean and so on and finally this can’t really be the case, election manifestos, people write manifestos but once they are elected they don’t carry them out.”72

Palliser however believed the government was serious and with a presumably heavy heart told officials to prepare for change. Butler also had this pessimistic view, describing to the author how the party’s manifesto “implied that the outcome of the entry negotiations had been

65 J. Buller and M. Smith, Civil Service attitudes towards the European Union Found in Baker and Seawright, Britain for and against Europe, Oxford University Press, Oxford, pp. 165 - 205
67 Interview with M Palliser by J Hutson April-August 1999, found at <http://www.chu.cam.ac.uk/archives/collections/BDOHP/Palliser.pdf>
69 Interview between Oliver Lewis and Lord Donoughue, House of Lords, 10 July 2013
70 D.Owen, Time to Declare, Penguin, 1992, p. 246
71 Interview with M Palliser by J Hutson April-August 1999, found at <http://www.chu.cam.ac.uk/archives/collections/BDOHP/Palliser.pdf>
72 Ibid.
unsatisfactory and needed to be improved - something which was far from clear to me.”\(^{73}\) It would be wrong to say that the officials did not believe in any change, it seems that they did want to see changes to the budget, where many thought that Britain had a bad deal and where officials did seem to work hard to try and improve the situation.\(^{74}\) However, they did not believe that anything substantial should change in Britain’s relationship with the EEC. This was seemingly down to a genuine belief in Britain’s European destiny, with Palliser recounting how, when he saw Callaghan immediately after the election, he made it clear that “if I find that you are asking me to do things which I profoundly believe to be wrong I will resign but unless that happens of course I'll do what you tell me to do.”\(^{75}\) For these officials it was a moral imperative that Britain not detach itself from the EEC.

Callaghan was suddenly presented by a host of pro-European material by his officials who were determined to make him see the need for closer European integration. Butler produced a White Paper during this time, with Butler describing to the author how he approached renegotiation;

> “I saw the opportunity to really get the Labour Party in behind a proper attitude to membership. So I worked very hard to keep both parties – especially the Labour Party since they were in power – to keep both parties on board a pro-EU policy.”\(^{76}\)

Judging by the change in Callaghan’s EEC position over the course of that year, the FCO officials were successful. In the words of Butler, “There can be little doubt that the analysis of the situation as presented to him by the Foreign Office and the unequivocal advice offered by it pointed in the [pro-European] direction.”\(^{77}\) Officials were quick to work out Callaghan’s particular concerns and to try and pacify him, with Butler briefing the Foreign Secretary that EMU was far too ambitious.\(^{78}\) In the words of Donoughue:

\(^{73}\) Interview between Oliver Lewis and Sir Michael Butler, 22 July 2013

\(^{74}\) ibid.

\(^{75}\) Interview with M Palliser by J Hutson April-August 1999, found at <http://www.chu.cam.ac.uk/archives/collections/BDOHP/Palliser.pdf>

\(^{76}\) Interview between Oliver Lewis and Sir Michael Butler, 22 July 2013


“The Foreign Office was very keen for us to go in and I think that they had an effect on Jim over his two years as Foreign Secretary and I think he became a little more convinced about Europe the longer he was Foreign Secretary. I think the Foreign Office had an effect on him.”

Callaghan’s speech at Luxembourg on 4 June 1974 was a lot more conciliatory – focussing on areas that could be dealt with under every day Community business including the budget, agricultural policy, the developing world and industrial policies. The FCO’s pro-European material started to trickle down the party. At a special Labour Party Conference on 29 November 1974 there were complaints from the anti-marketeers that they had been “fed an endless stream of superficial victories in negotiations with Brussels” and protested that what was being discussed were “concessions that would only give us back only a fraction of the right to manage our own affairs that we used to enjoy.”

3.4 The government is convinced to abandon Treaty change

Infuriated by the election, but aware of their privileged access to the Foreign Secretary and to the Prime Minister, these officials wasted no time in pushing for only minor changes. Officials needed official guidance from Ministers as to what constituted renegotiation, acting unilaterally would have been unacceptable and former officials have been adamant that they only acted on instruction. However there was nothing to stop them guiding ministers to the “right” conclusions. After his appointment, Callaghan summoned Britain’s ambassadors, who immediately took the opportunity to raise concerns about Treaty change. While Callaghan was initially open to the idea of a Treaty change, Michael Palliser, warned against it, saying that it would take a long time to get all the member states on board and to organise an Intergovernmental Conference (IGC). Wall describes how Palliser pointed out “A lot could be achieved without Treaty amendment and he [Palliser] advised against raising the issue unless

79 Interview between Oliver Lewis and Lord Donoughue, House of Lords, 10 July 2013
82 Record of meeting of 20 March 1974, PREM 16/72, TNA
and until it became necessary to do so.”83 Britain’s ambassador to West Germany, Nicko Henderson (“whose unhappiness with the Labour government’s sceptical approach seeps out” according to Wall), warned that if Britain wanted economic concessions it would have to drop its opposition to political union.84

Papers from the FCO show the arguments that were used against Treaty change. Butler wrote on 18 March 1974 that “officials believe that the three main principles of the CAP are not negotiable.”85 Others suggested that Treaty change should only proceed if officials think that progress wasn’t being made “when we see how far we can get [on renegotiation] we can consider whether Treaty amendment is needed.”86 Other officials sought to dig up old arguments against just a free trade deal.87

Callaghan was wary, both he and Wilson were aware of the FCO’s pro-European views. In his memoirs, Wilson described the pro-European attitudes of the FCO: “I was concerned that if all the official work were concentrated on the Foreign Office, we should run into serious difficulties with the Ministers, since it was widely suspected that the Foreign Office was so committed to membership of the EEC.”88 The Foreign Secretary was blunt, telling the ambassadors: “I want you to understand that all this European enthusiasm is not what we’re in the business of.”89 He had also had an awkward conversation with Michael Palliser, claiming, according to Palliser, “he thought I was too committed to the European policy and of course it was true.”90 Yet despite this wariness of his officials and tough words with them, their views seemed to have rubbed off on the Foreign Secretary. Twenty-four hours after this meeting he told the German Foreign Minister Walter Scheel that he did not want to see a change to the Treaty of Accession.91

Changing the Foreign Secretary’s attitude was an uphill struggle for officials. Callaghan was by instinct an anti-marketeer, in his famous Language of Chaucer speech he had been very critical of the EEC and its intention to make French a major language in the Community. On 1

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84 Ibid., p. 514
85 Renegotiation and Treaty amendment: the transitional steps, FCO 30/2387, TNA
86 Draft paper by the Foreign and Commonwealth Secretary for ECS, FCO 30/2387, TNA
87 Letter from JA Robinson to MB Butler, 21 June 1974,FCO 30/2421, TNA
89 Cited in H. Young, This Blessed Plot, Overlook Publishing, New York, 1998, p. 278
90 Interview with M Palliser by J Hutson April-August 1999, found at <http://www.chu.cam.ac.uk/archives/collections/BDOHP/Palliser.pdf>
April 1974 he made a very critical speech at Luxembourg. A flavour of the tone Callaghan wanted to adopt can be seen in the drafts of his speech when he warned “if we fail [to secure a satisfactory renegotiation] we shall have no choice but to ask you to negotiate the withdrawal of the United Kingdom from the Community.” In the speech he emphasised the need for changes in the CAP, questioned the economic freedom of the British government and stated that he wanted “fundamental changes” with the Community budget. This was, in the words of Sandbrook, “sensational stuff... Callaghan’s rudeness was the talk of the chancelleries of Europe.”

Officials were not impressed by Callaghan’s conduct, especially his rudeness to the President of the Commission Francois-Xavier Ortoli. In the words of David Hannay, who was then advising Britain’s European Commissioner, there was “a great deal of shock and horror”; while Michael Palliser, Britain’s EC ambassador, groaned that he “was pretty depressed by the British government statement” and contemplated resignation.

Unhappy, Palliser went to No. 10 to get some context for the renegotiation. In an interview many years later he made a fascinating disclosure:

“Although I don’t think I saw the Prime Minister at that point I certainly went to No. 10 and saw the No. 10 staff and one way or another it became quite clear to me after a relatively short while that certainly the Prime Minister’s purpose... was to use renegotiation as a means of keeping us within the Community... the whole renegotiation process was really a blind to satisfy the Labour Party and anti-opinion in Britain while at the same time enabling the government to say we had tried to achieve re-negotiation so we should stay in.”

It’s not clear who Palliser spoke to, but this attitude was a good reflection of Wilson’s personal views. According to Donoughue, Wilson was also happy not to proceed with Treaty change:

92 Draft statement in the council on 1 April, FCO 30/2387, TNA
95 Interview with M Palliser by J Hutson April-August 1999, found at <http://www.chu.cam.ac.uk/archives/collections/BDOHP/Palliser.pdf>
96 Ibid
“All I remember was the sort of the assumption that if you wanted to do renegotiation or anything that it was better not to get into Treaty change. It seemed a much more complex challenge. I remember Harold saying that it doesn’t mean Treaty change.”³⁹⁷

Wilson certainly hadn’t ruled out Treaty change before the election and Callaghan had shown early interest in amending the treaties, but clearly both were surprised that they could get results without Treaty change and were willing to accept advice from his officials that it wasn’t necessary.⁹⁸ After the election Wilson’s officials set about convincing both he and Callaghan that avoiding Treaty change was vital.

What Palliser had discovered was that Downing Street was unmotivated by the detail of renegotiation. Like Callaghan they were open to persuasion and, unlike Callaghan, they didn’t even need convincing that Treaty change wasn’t a necessity. Officials were now acutely aware of the Prime Minister’s actual preoccupation - keeping the Labour Party together - and that he would be receptive to only minor changes. It was the sign that they had been hoping for – and they would leap on it. Sir Michael Butler would later tell the author “what we were doing was making an appearance of renegotiation rather than a reality.”³⁹⁹

### 3.5 Officials and European governments lobby for small changes

Officials were busy making contact with allies in Europe and making it clear that nothing radical was being proposed. Sir Michael Butler described to the author how:

“I was dispatched with a Treasury official to the most important EU countries to convince the governments that they should take renegotiation literally i.e. that they should not think we were trying to set up a situation in which the government would advocate leaving. On the contrary the aim was to set up a situation in which the government would be able to recommend remaining In.”¹⁰⁰

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⁹⁷ Interview between Oliver Lewis and Lord Donoughue, House of Lords, 10 July 2013
⁹⁸ Record of meeting between Wilson and Tindemans in Brussels, 25 June 1974, PREM 16/11, TNA
⁹⁹ Interview between Oliver Lewis and Sir Michael Butler, 22 July 2013
¹⁰⁰ Interview between Oliver Lewis and Sir Michael Butler, 22 July 2013
It was at these meetings, which for the most part constituted ordinary Community business that the minor changes that came to be called “renegotiation” were fleshed out. It was at such meetings that Callaghan was forced to wade through discussions that, by all accounts, were tedious, with the Foreign Secretary depressed to find out that he was dealing with apricot halves rather than great international affairs.101

Over the next few months, officials were not only busy discussing renegotiation with their European colleagues but were also busy working out the scope of renegotiation, moulding an agreement that would let the Prime Minister show something had changed, while preventing any substantial change. Among officials it was – and still is – referred to as a “so-called renegotiation.”102 In FCO reports, officials described how they were focussed on “the degree to which they seem likely to achieve our policy directive. The chances of getting them accepted... [and] problems of presentation at home and abroad.”103 The first two points show the limits that defined the FCO’s approach, the last point makes it clear that their mind was always on how they could pitch the renegotiation to a home audience. In a very frank note officials declared “British policy in and towards Europe [has] had a single, over-riding objective: the creation of conditions for a successful referendum.”104

The changes that the officials suggested during this period – in the White Papers and in the confidential notes - were very minor changes. In November a Cabinet Office report was produced giving an update on renegotiation. It had some positive notes, pointing out that officials had had success in getting a receptive audience for improving the access of sugar imports from the Commonwealth and butter from New Zealand.105 When it came to VAT, however, the report stated that the current position was expected to continue while also noting that CAP was likely to be better value because of high world prices - the implication for both being that change wasn’t needed. It also noted that budget discussions had barely began. During December a follow up assessment was produced that emphasised the minor changes that had been secured, including a “modified form” of intervention buying of beef products,

102 Interview between Oliver Lewis and Sir Michael Butler, 22 July 2013
103 Draft paper by the Foreign and Commonwealth Secretary for ECS, FCO 30/2387, TNA
104 Permanent Under-Secretary’s Planning Committee: Objectives for British foreign policy after the referendum, 17 June 1975, FCO 30/2947, TNA
guarantee of floor prices for slaughterhouses and additional support for dairy farmers, and a promise by the EEC to look at a budget correcting mechanism, noting a “most realistic change in the attitude of the community” in regards to EMU.\(^{106}\) This was the renegotiation that the officials were shaping, one that ignored most of the manifesto pledges and only focussed on minor changes that actually reflected everyday Community business rather than renegotiation. In the words of Hannay, aside from talks on the budget mechanism and imports the changes were “a mass of stuff that came under the category I described as normal European business but which... the British government chose to call renegotiation.”\(^{107}\)

In addition to the hard work of the FCO, the European leaders also took steps to mitigate the scale of renegotiation. British officials were quick to inform the European establishment about the situation and to suggest ways that the Community could help give the impression that a minor negotiation was far more significant than it actually was. Despite not having access to government papers, during this time David Hannay wrote a paper entitled ‘Renegotiation without tears’ for the European Commission.\(^{108}\) According to Hannay this paper went on to form the basis of the Commission’s policy towards renegotiation. It had three elements: first, the Commission should keep a low profile and avoid a semantic battle over the word “renegotiation” and be prepared to allow the British government to label “anything they wanted” as “renegotiation”; second, the Commission should avoid at all costs being an intermediary, make no proposals and just facilitate a series of discussions; and third, the Commission should avoid making a lot of public statements about what was going on.\(^{109}\)

Throughout the process European politicians made it clear that they would not tolerate substantial change, certainly not Treaty change, but that they would be happy to help sell the “renegotiation” to the British public. The French were quick to point out that they would not contemplate changing the principles of the EEC. The Italians expressed similar views, although they made it clear that they were eager to “make things as easy as possible” for Britain to stay in.\(^{110}\) German politicians travelled to the UK, promising to help deliver results in the Community which would benefit the British consumer - although “the public presentation of the results...
would be of cardinal importance.”\footnote{Call by Mr George Thomson and M. Simonet on Mr Hattersley, FCO 30/2387, TNA} During the Labour conference in November 1974, the German Chancellor, Helmut Schmidt, came to address the delegates, making the case for Europe as a force for good in a dangerous world. By all accounts his speech was a success. He quoted Shakespeare and appealed for Britain to remain a member on the grounds of socialist unity. Far from a feared walkout, delegates applauded.

As Callaghan’s decision to abandon Treaty change shows, these factors all worked together to shift the views at the top of the Labour Party. The October 1974 Labour Manifesto only mentioned the negotiations once, stating that “it is as yet too early to judge the likely results” but just two months later government figures would become much more explicit in their support for membership. \footnote{Labour Party Manifesto, London, October 1974} The official briefings and warnings against Treaty change, along with firm red lines from European governments, served to caution the government against pursuing anything radical. Events like Schmidt’s visit and briefings from the FCO also helped to address Labour politicians’ fears about Europe, at all levels of the party. Budget reform aside, the evidence suggests that the only thing that the FCO and the EEC were really interested in changing during this year was the Labour Party’s attitude to Europe.

3.6 Wilson and Callaghan embrace the idea of minor changes

As 1974 came to a close, Wilson started making his case for change to the European leaders. After he had addressed the Labour Conference, Schmidt came to see Wilson at Chequers. During their discussion, Schmidt pointed out that the new French President, Giscard d’Estaing, was the host of the upcoming Paris Summit and that renegotiation had to be discussed with him beforehand. He recommended that Wilson ring to arrange dinner with Giscard, to discuss renegotiation one-on-one. Schmidt then stood over the Prime Minister as the call was made. In a phone conversation after the meeting, Wilson told Callaghan that it was essential “to get something which corresponded to the manifesto commitment on access to the British market for food from outside the Community.”\footnote{S. Wall, The Official History of Britain and the European Community Volume II: From Rejection to Referendum, Routledge, Oxford, 2013, p. 560} A reminder that Wilson was only looking for “something” rather than a real renegotiation.
A week later on Tuesday 3 December 1974, Wilson and Giscard duly met. The President said that he wanted a clear statement that renegotiation would succeed, however when Callaghan made a push for a ‘self-adjusting mechanism’ it was promptly pointed out by the French that they would reject such an idea.\(^{114}\) The French President could not agree with the idea that the Community’s “own resources” could be seen as national monies, an argument which interestingly, and despite the manifesto, Wilson agreed with.\(^{115}\) Another deviation from the manifesto came when Wilson also stated that he accepted Community preference in principle.\(^{116}\) All parties also agreed that the Luxembourg Compromise (i.e. the veto) was of the highest national importance. The result of this meeting was a mere reaffirmation of the status quo and outright rejection of more exciting ideas for renegotiation. While this meeting was not important in and of itself - the Paris summit is where the decisions would be made - it was a reminder that Wilson was not willing to push for substantial change.

On 7 December 1974, Wilson updated the country on the progress of the negotiation via the London Labour Mayor’s Association. Unsurprisingly the Prime Minister was very positive about the state of renegotiation: “the kind of terms we proposed in 1967 are precisely the kind of terms for which we are negotiating now.” Interestingly he quoted the German Chancellor during the same speech:

“I very much agree with the British Prime Minister, the political questions in the first and in the last instance are to be solved by political animals. They can be prepared and must be prepared by civil servants of various capacities.”\(^{117}\)

It was a telling statement, a reference to those who were exerting influence behind the scenes, enough to be mentioned in a political public meeting.

Wilson was well aware of the influence his officials were having on the process. Two days after his speech to the Mayor’s Association Wilson travelled to Paris. While there he lashed out at the top civil servants. In the words of Donoughue “he launched a massive attack on civil servants, especially Michael Palliser of the Foreign Office and Pat Nairne of the Cabinet Office,

\(^{115}\) Transcript of meeting between Harold Wilson and President d’Estaing, PREM 16/84, TNA
\(^{116}\) Record of conversation at dinner at the Élysée on 3 December 1974, PREM 16/84, TNA
for being too pro-Market... he was rougher than I had ever seen him."\(^{118}\) Later that day he would confess to Donoughue that “They [the civil service] must not think they have captured me and it is all plain sailing.”\(^{119}\) Donoughue initially thought that this was all part of a cunning strategy, to convince the civil service that he really wanted the seven negotiating points.\(^ {120}\) In reality it was nothing of the sort. Clearly the Prime Minister was aware that the renegotiation was not producing a substantial result, but his irritation was not born from a personal sense of outrage at the shoddy work being produced by the FCO. His attack on the civil service seems to have been a stunt to try and placate anti-marketeer ministers who were growing suspicious of the role of the civil service. Wilson was told by colleagues that when it came to the European issue he was “too much in the pockets of the civil service.”\(^ {121}\) In particular Wilson wanted to prove to his anti-marketeer political secretary, Marcia Williams that he meant business.\(^ {122}\) A display of anger was a good way of showing commitment to a real renegotiation while preventing anti-marketeers from getting suspicious.

It is now clear that Wilson’s priority during this time was keeping his party united. On 12 December 1974, Foot had announced that the time had come to allow the Cabinet an “agreement to differ”, far earlier than Wilson intended. Over Christmas, Tony Benn sent an open letter to his constituents attacking the EEC.\(^ {123}\) Wilson responded to their concerns by holding a meeting with Jenkins, Callaghan and Short on 20 December 1974, in which it was agreed that renegotiations should end by Easter and a referendum should be held on June. On 6 January 1975 it was agreed in a meeting between Wilson and Foot that there would be no speeches on the EEC until all negotiations were finished and that ministers could go their own way and campaign for either side, so long as there were no personal attacks.\(^ {124}\) Later Wilson sent out a personal letter to all ministers making it clear that “when the government has announced its recommendation on the renegotiated terms, then and only then, Minsters who feel unable to support it will be free to differ publically.”\(^ {125}\)

\(^{120}\) ibid.
\(^{121}\) ibid.
\(^{122}\) Interview between Oliver Lewis and Lord Donoughue, House of Lords, 10 July 2013
\(^{125}\) 10 Downing Street Personal Minute No 15/15 FCO 30/3076, TNA
As they prepared for the Paris summit, Wilson’s officials pitched their new, drastically slimmed down, view of renegotiation to the Prime Minister. At this stage the officials were keen to get Wilson to focus on the budget, which was a tough aim as Wilson tended to move on from this issue and dismiss it, even when meeting other European leaders.\textsuperscript{126} This was very frustrating for officials as it was the one area that it was believed that there could, and should, be significant changes. Patrick Nairne would find himself having to point out that securing a deal here was important to show that Labour had honoured its manifesto pledges. Wilson however did not think that the issue would have any real impact on the British public and did not focus on it.

At the Paris summit of 9 December 1974 Wilson endorsed his officials’ pitch. In his memoirs, Wilson claims he raised seven key areas:

1. **CAP** - Wilson said that he did not challenge the main principles of the CAP but wanted arrangements to be made for Commonwealth countries. This was a substantial step back from the “major changes” called for in the manifesto.

2. **The Budget** - Reflecting Wilson’s disinterest, discussion on this was postponed unless the Germans also expressed support for a self-correcting mechanism. However the subsequent communique pointed out that “the system of ‘own resources’ represents one of the fundamental elements of the economic integration of the Community” again contradicting the sentiments of the manifesto.\textsuperscript{127}

3. **EMU** - Schmidt and Giscard acknowledged that the idea of an economic and monetary union was an illusion. Yet in the communique that was drafted afterwards it stated that “the heads of government having noted that internal and international difficulties have prevented... progress on the road to EMU affirm that in this field their will has not weakened.”\textsuperscript{128} Despite this clear failure to prevent EMU remaining a goal of the EEC, Wilson pointed out in the Commons that “there is not a hope in hell, I mean in the Common Market, as the other Heads of government have made clear, of EMU taking

\textsuperscript{126} Record of conversation at dinner at the Elysee on 3 December 1974, PREM 16/84, TNA
\textsuperscript{128} ibid.
place in the near future.”¹²⁹ Wilson had been won over by the claim that EMU should not be stopped so long as it was an issue that affected the next generation of politicians.

4. **Parliamentary sovereignty** - It was decided at the summit that the Belgian Prime Minister Leo Tindemans would prepare a report on the concept of European Union. This deferred the issue until after any British referendum. Wilson dismissed the need for action here as, according to his memoirs, “serious problems had not in fact arisen during our membership... this issue might not raise the difficulties we had feared.”¹³⁰ (Notably similar to the language of the FCO reports he received)

5. **Capital transfers** - Again, Wilson dismissed this issue as derogation from existing rules had already been agreed.

6. **Developing countries** - As far as Wilson was concerned “here much had [already] happened”, although he wanted some movement on sugar suppliers.

7. **Value Added Tax** - Wilson made it clear that Britain was opposed to taxing food while also expressing dismay with the system in general.

Wilson had embraced a very minor set of specific reforms, there was nothing of the dramatic language of the manifesto to be found in this list of minor desires presented to the Paris conference. Wilson was himself underwhelmed, perhaps explaining his remark that “[his] civil servants were mediocre.”¹³¹ Schmidt was delighted when he heard what Wilson had to say; “renegotiation had proved a misleading term.”¹³²

Wilson accepted this poor redefinition of his renegotiation, probably because he had never wanted that much back from the Community to begin with. He confided to Donoughue “the only two sticking points [are] that we must get a concession on cheap food... and we must get some compromise on parliamentary sovereignty.”¹³³ As far as Wilson was concerned the priority was simply to get concessions that could be presented to the public as triumphs. Any concession would do. That’s why the vast majority of the changes that Wilson had embraced

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¹²⁹ ibid., p. 97
¹³⁰ ibid., p. 95
was, in the words of Lord Hannay, “a mass of stuff that came under the category I described as normal European business but which... the British government chose to call renegotiation.”

3.7 The end of “renegotiation”

There were only three months between the embracing of the new, minor definition of renegotiation at Paris and Harold Wilson’s announcement that the government had secured the concessions that it was looking for. The short time span serve as a testament to the ultimate lack of significant change. On 24 February, Callaghan sent Wilson a note entitled “Renegotiation: The Last Lap” where he said that there would have to be tough discussions in the upcoming Dublin Council of Ministers to secure movement on New Zealand exports and the EEC budget. Callaghan also argued that Wilson should state his support for his renegotiation at Dublin and make it clear that he would back membership of the EEC. It seems that during these last few months there was a genuine push for a self-correcting mechanism and for a fairer deal for the Commonwealth from officials. The French complained that the British were being “more New Zealand than the New Zealanders.”

The Germans also promised to help the British fight against a proposed two-thirds limitation in the budget adjustment mechanism.

The Dublin Council meeting was set to begin on 10 March 1975. This would be the summit in which renegotiation was finalised. In the days leading up to this meeting Wilson promised the Cabinet that New Zealand and the budget would be at the top of his agenda. He then moved onto the issue that really concerned him - how to keep the Labour Party together after he had finalised the terms of renegotiation. Wilson clearly set out the next steps: after his meeting at Dublin the Cabinet would be invited to review the renegotiation he had secured. The referendum would be announced and “agreement to differ” would begin, allowing Cabinet members to oppose the renegotiation and advocate leaving the EEC.

When the Dublin Council meeting began there was some movement from the EEC, something the Prime Minister probably appreciated more than the birthday cake that was presented to him. New Zealand was recognised as a traditional supplier of dairy products to the Community and prices for New Zealand products would be reviewed periodically with plans for

134 D. Hannay, “Britain in Europe: the early years” (Europe House, London, 21 January 2013)
future long-term cooperation, something the Prime Minister of New Zealand was very happy with.\footnote{ibid., p. 576} Access for New Zealand imports of butter were also secured after 1977 (even though there were already provisions to deal with this in the Treaty of Accession) and the Community made a commercial co-operation agreement with India, Pakistan, Bangladesh and Sri Lanka. Further opening up of the Community to developing countries had already been assured by the signing, in February 1975, of the Lomé Convention, which also granted free trade access in agriculture and mineral exports, aid and technical co-operation to all the independent countries of Black Africa and Commonwealth countries in the Caribbean, Indian and Pacific Ocean. The developing countries were also offered access for 1.4 million tons of sugar.

A new draft of the self-adjusting mechanism was also presented to the British. Since the Paris summit the EEC had proposed a two-thirds limit to any reimbursement. This limit, much to the relief of the British, was dropped. However the new mechanism had a number of clauses that concerned the British; correction would only be activated if the UK’s GNP per capita was less than 85% of the Community average, if the real rate of growth was below 120% of the community average and it would have to contribute more than 110% of the GNP share. Reimbursement would be limited to two-thirds of the difference between the GNP share and the contribution share. The actual reimbursement would be calculated on a sliding scale so that it would reach the whole of the excess contribution only if a country’s total contribution went above 130% of that justified by its share of GNP. This was a disaster for the UK. Michael Butler warned Wilson that the new German budget was designed to leave the British with nothing at all. However, Wilson accepted it. Butler would describe his frustration to the author:

“The deal that had been done about the budget contribution and on own resources [under Heath] was an extremely poor deal and so we were looking to improve it. As a matter of fact in the end we didn’t get as much of an improvement as we could have had because Wilson showed absolutely no interest in the subject whatever.”\footnote{Interview between Oliver Lewis and Sir Michael Butler, 22 July 2013}
It was a decision that, according to Wall, “did not in practice produce any benefit whatsoever to the United Kingdom.” It was a disastrous settlement which meant that by the late 1970s Britain was facing a rapidly rising net contribution.

The Heads of government also stated that they thought it was “necessary to renounce the practice which consists of making agreement on all questions conditional on the unanimous consent of the Member States.” This decision to start renouncing vetoes was a clear reduction in British national sovereignty, going directly contrary to the promises and tone of the Labour Manifesto. Unsurprisingly Heath welcomed this development warmly in the House of Commons, yet Wilson maintained in Cabinet that he had not “in any way jeopardised our national interests.” While the Commonwealth had better access to the UK, the fundamental issues of sovereignty, of contributions, and of monetary union had either been ignored or had moved in a direction that was the complete opposite of what had been promised in the Labour Manifesto.

Harold Wilson at the Dublin Council, celebrating his birthday

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139 ibid., p. 565
140 ibid.
The conference ended in the late hours of 11 March 1975, bringing an end to renegotiation. In the words of Gowland et al, “Wilson himself acknowledged that renegotiation had brought no changes of substance in the CAP... Wilson’s efforts to reduce Britain’s net contribution to the EC budget were equally unproductive.”\textsuperscript{141} Callaghan announced to the Cabinet on 17 March 1975 (it was a two day session) that the government had not been able to secure everything, pointing out that serious discussions had only really begun in the last few months of 1974. Benn was furious “‘we have not achieved our manifesto objectives and indeed we did not even try.’”\textsuperscript{142} Despite this anger, sixteen members of the Cabinet eventually said that they would support membership, seven opposed (Michael Foot, Barbara Castle, Eric Varley, Willie Ross, Tony Benn, Peter Shore and John Silkin). However, Wilson had majority support for his position. For him renegotiation had proven a success.

During this period Britain also enjoyed a number of smaller successes on individual policy areas, a host of small victories in everyday Community business that the ‘Yes’ campaign could draw on in the upcoming referendum. Many non-institutional areas that the Labour government had raised as examples of problems with EEC membership had been addressed by March 1975. During the election Wilson had argued that “the imposition of food taxes on top of rising food prices, crippling fresh burdens on our balance of payments and a draconian curtailment of the power of the British Parliament to settle questions affecting vital British interests.”\textsuperscript{143} Yet Fred Peart, the Minister for Agriculture, got permission for the British government to give subsidies to beef and pork producers. Britain was also granted a generous helping from the newly established Regional Development Fund, decided at the Paris summit just before moving onto renegotiation. As Wilson said “in the subsequent referendum campaign we were able to cite generous allocations for Britain’s hard-hit industries and regions.”\textsuperscript{144}

Despite these minor triumphs, there can be no doubt that, on the substantial issues, renegotiation was a failure. The historian’s verdict on Wilson’s renegotiation has been nearly unanimous in its criticism. The constitutional expert Vernon Bogdanor described the whole

\textsuperscript{141} D. Gowland, A. Turner, A. Vright, Britain and European Integration since 1945: On the Sidelines, Rouledge, Oxford, p. 81
\textsuperscript{143} Labour Party Manifesto, London, February 1974
process as “cosmetic.”\textsuperscript{145} Idealistic commentators such as Hugo Young, who championed the European cause, noted with sadness “it was not without substantive potential” but that in the end “Britain gained nothing that could be counted.”\textsuperscript{146} The eminent historian Dominic Sandbrook noted that “the renegotiation was effectively an enormous and enormously hollow, exercise in political spin.”\textsuperscript{147}

Considering the Labour Party leadership’s support for membership and lack of interest in pursuing reform, it’s not surprising that the renegotiation was distinctively sub-par. The idea that the renegotiation came close to achieving the manifesto’s lofty aims was not even entertained by the Prime Minister in public: “I believe that our renegotiation objectives have been substantially, though not completely achieved” he told the Commons.\textsuperscript{148} Wilson had failed to secure changes in the vast majority of the areas he had taken to the renegotiation. Either issues were dismissed entirely (such as Parliamentary sovereignty), signs of some small progress (such as developing countries) were exaggerated, or faulty mechanisms were embraced to give the façade of change (such as the corrective mechanism).

Once the Cabinet had voted, Wilson went to the House of Commons to discuss the settlement that he had achieved. Wilson announced that the price of food had been kept below cost increases. He also announced that the UK was no longer obliged to maintain high prices for beef producers and that the UK had been given special encouragement for sugar production and assured access for up to 1,400,000 tons of sugar from developing countries (although as \textit{The Times} noted, the Minister in charge of Overseas Development, Mrs Hart, opposed membership). Industrial policy, headed by the ferociously anti-EEC Tony Benn, was an area where Europe posed no particular problem. Wilson also highlighted the fact that New Zealand dairy products and other foodstuffs had improved access, although this was actually mostly down to the General Agreement on Tariffs and Trade.

To his credit Wilson was fairly frank about the lack of progress, telling the Commons that it would have been foolhardy to pursue substantial change:

\textsuperscript{145} V. Bogdanor, “Roy Jenkins, Europe and the Civilised Society” (Gresham College, 15 January)
\textsuperscript{146} H. Young, \textit{This Blessed Plot}, New York, Overlook Publishing, 1998, p. 280-1
\textsuperscript{147} D. Sandbrook, “Beware the ghost of slippery Harold: David Cameron’s European referendum speech was hailed as a masterstroke but we’ve been here before”, \textit{Daily Mail}, 25 January 2013
\textsuperscript{148} House of Commons Debate, 18 March 1975, vol. 888 c.1462
“It rapidly became clear that we could best secure our objectives not by seeking to overturn the system of financing the budget from “own resources” but by correcting its unfair impact by a mechanism that would provide a refund to us.”

In fact, the new mechanism was extraordinarily complex and, as Butler had warned, unworkable for Britain. According to Gowland and others, “the criteria which it laid down for determining both eligibility for a rebate and the amount to be received was so complicated as to rob it of any practical value... the financial mechanism that was meant to trigger a rebate never actually came into play.” It would not be until 1984 and Mrs Thatcher’s campaign to “get my money back” that a satisfactory budget mechanism was finally introduced. The telling moment came when the Prime Minister announced to the House that the government was supporting staying in, there were jeers and shouts of “surprise, surprise.”

149 House of Commons Debate, 18 March 1975, vol. 888 c.1459
151 The Times, 19 March 1975
4. “Mr Wilson lists achievements”: The impact of the renegotiation on the 1975 referendum

The renegotiation played a significant, if not the most significant, role in determining the result of the 1975 referendum. The process of renegotiation had been given scant attention by the press in the lead up to the Dublin Council and its sudden announcement, hyperbolic description and favourable write-up made a substantial impression on the British public. The changes were presented by both the press and the government (through its official leaflet sent out to British homes) as a substantial achievement. With the media and official literature saying the Government had won a good deal, the polls swung dramatically from ‘Out’ to ‘In’ as the public were convinced that the changes had made remaining part of the EEC worthwhile for Britain.

4.1 The newspapers give renegotiation a positive reception

*Front cover of The Times, 19 March 1975*
The newspaper’s positive view on Europe was well known by 1975, and their support for staying in the EEC was never in question. Most of England’s daily newspapers had decided that they supported membership in the 1960s and had not changed their minds in the last ten years. By 1974, the *Daily Express* had become the most recent convert to the pro-European cause. *The Spectator*, *The Morning Star*, *Tribune* and the *Daily Record* were the only nation-wide publications that were sympathetic to leaving.

It’s not surprising therefore that right from the start of the campaign renegotiation took a prominent place in the debate. Immediately after Wilson announced to the House of Commons that renegotiation had been achieved, the national press reported on the statement giving him a largely positive write-up. *The Guardian* praised the way “He [the Prime Minister] and the Foreign Secretary have conducted a most meticulous renegotiation of Britain’s terms of entry.”¹⁵² *The Times* put as a headline on the front page “Mr Wilson lists achievements” while the leader noted “The process of renegotiation is deemed to have provided sufficient economic justification for a majority of the Cabinet to recommend in favour of continuing membership.”¹⁵³

The press had been very supportive of the renegotiation process – and emphasised the changes that had been secured before the Dublin Summit even took place, *The Times* on 20 January carrying the story “EEC’s Dublin Summit in March to settle terms of renegotiation” with the article stating “The Dublin Summit is expected to settle the most important event in the renegotiation of Britain’s terms of membership.” ¹⁵⁴ The idea that renegotiation had been a failure was not seriously entertained by many press outlets – in fact, most of the arguments presented by the ‘Out’ side were given very little attention as the media instead focussed on the divisions of the Labour party, with the *Daily Telegraph* running the headline “BENN FACTOR NOW DOMINANT ISSUE IN CAMPAIGN” on 20 May 1975.¹⁵⁵ Others involved in the Out campaign would later bemoan the coverage the press gave to Benn.¹⁵⁶

This was incredibly irritating to the ‘No’ side whose central referendum argument was that “The present Government, though it tried, has on its own admission failed to achieve the

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¹⁵³ *The Times*, 19 March 1975 p.17
¹⁵⁴ R. Berthoud, EEC’s Dublin summit in March to settle terms of renegotiation, *The Times*, 20 January 1975
‘fundamental renegotiation’ that it promised.”\textsuperscript{157} Tony Benn in particular was incredibly angry, claiming in April that the press “are seeking to make this campaign a campaign about personalities and about the Labour Party.”\textsuperscript{158}

To be fair to the media, there was a strong imbalance in the material that they received. The Financial Times noted on 30 May 1975 “Editors organising the reporting of the debate point nervously from a comprehensive pile of advance texts of the pros’ speeches on one hand, to a couple of pre-releases from the antis on the other”.\textsuperscript{159} There can be no doubt though that for the readers of several main newspapers, renegotiation, when reported, was presented in a positive light. Coupled with this other papers failed to offer much coverage at all, The Daily Express only started covering the European issue on 29 May 1975. Readers were given either a positive write up of renegotiation, or no write up at all.

4.2 The presentation of renegotiation as a radical achievement

Everyone involved in the process knew that the impact of the renegotiation was being deliberately exaggerated. Reflecting on the manifesto promises forty years later, Butler told the author “the renegotiation was billed as being a lot more than it was and the results, though satisfactory, were not very important.”\textsuperscript{160} Yet despite this, throughout the referendum campaign, the pro-European operation was focussed on winning over those who were uncertain about the EEC and used the illusion of renegotiation to the fullest extent. Officials wrote speeches for pro-Marketeer Ministers highlighting the benefits of membership and the success of renegotiation, while the pro-European campaign produced literature describing the impact of the renegotiation: “The other members of the European Community want us to stay in. That is why they have been flexible in the recent renegotiations and so made possible the improved terms which have converted many former doubters.”\textsuperscript{161,162}

\textsuperscript{157} Why you should vote NO Official election material produced by the National Referendum Campaign
\textsuperscript{160} Interview between Oliver Lewis and Sir Michael Butler, 22 July 2013
\textsuperscript{161} Note from M.D. Butler, ICO 30/3066, TNA
\textsuperscript{162} Why you should YES Official election material produced by Britain in Europe
It had been decided within the FCO that there should be a public information campaign. According to the FCO documents, polling had revealed that 75% of the public were uninformed about the EEC debate. After many discussions about the form that the information campaign could take it was decided that three booklets would be sent to each household, one from the ‘In’ campaign, one from the ‘Out’ campaign and one from HM government explaining the situation. The plan was for two partisan documents to be written with by the different campaigns but internal letters reveal that officials were, at least originally, keen to avoid the government booklet appearing biased. However, the actual booklet that went out was anything but neutral. On the front it announced in big letters on the front “BRITAIN’S NEW DEAL IN EUROPE” and on the inside it made it clear that the government had expended a lot of time and effort on a dramatic renegotiation, the Prime Minister describing in his foreword how:

“The government, after long, hard negotiations, are recommending to the British people that we should remain a member of the European Community.

We do not pretend and never have pretended, that we got everything we wanted in these negotiations. But we did get big and significant improvements on the previous terms.

EEC referendum: Information Policy 26 February 1975, FCO 30/3076, TNA
We confidently believe that these better terms can give Britain a New Deal in Europe. A Deal that will help us, help the Commonwealth and help our partners in Europe.”

The fact that Wilson felt the need to state that they had not “got everything” says something about the shortcomings of the renegotiation settlement. It was a rare honest expression, but, as any comparison between the February 1974 Labour Manifesto and the Dublin settlement would have shown, it was also a gross understatement. Unfortunately for many Britons it was impossible for them to compare such documents and to realise that the government had not only failed to get most of what they wanted, but had in fact got incredibly few concessions.

Throughout the document the better deal was referenced, “The government also won better deal for food imports”, “The new market terms... declares that through membership of the Market we are better able to advance and protect our national interests. This is the essence of sovereignty.” Perhaps the most dubious use of the renegotiation came in this claim:

“There was a threat to employment in Britain from the movement in the Common Market towards an Economic & Monetary Union. This could have forced us to accept fixed exchange rates for the pound, restricting rates for the pound, restricting individual growth and putting jobs at risk.”

This was inaccurate, if not misleading. After all, the Paris summit held just a few months earlier had seen EMU re-enshrined as an objective. While the European leaders had said in private that it wasn’t likely, subsequent events, as Margaret Thatcher and John Major would later discover, showed that EMU was always a firm objective – and the refusal of European leaders to rule EMU out should have been taken into consideration in a neutral document.

The rest of the document made it clear that EEC membership was a profoundly good thing. Headlines such as “Our Partners in Europe” and “The European Community and its worldwide links” littered the paper along with information about how Britain needed to stay in. At the

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164 HM government, Britain’s New Deal in Europe
165 ibid.
centre of the document (one of the most likely places for people to turn to) was the chapter “The New Deal” which set out the “long and tough” negotiations that had led to Britain getting the “better terms that Britain will enjoy”, claiming that “The Common Agricultural policy (known as CAP) now works more flexibly to the benefit of both housewives and farmers in Britain. The special arrangements made for sugar and beef are a good example” and that “the new terms ensure that Britain will pay a fairer share. We now stand, under the Dublin agreement, to get back from Market funds up to £125 million a year.” As has been shown above, these claims can be best described at best as extraordinarily hyperbolic and at worse fraudulent.

The paper was also notable in what it did not say; it glossed over the elements of renegotiation that Wilson had failed to deliver. In Wall’s words:

“The pamphlet was certainly significant for what it did not say. There was no mention of European Union or Economic and Monetary Union, even though Wilson had confirmed his commitment to both... what the pamphlet did not say was that the EEC was an international organisation unlike any of the others to which Britain belonged in that its rules were not static... nor did it point out, save by very indirect implication, that legislation adopted at EEC level was incapable of amendment by Parliament in Westminster.”

While the anti-marketeer pamphlet did make these points, the government booklet was, for many, the main source of impartial reference. The fact that it committed several gross sins of omission, its out and out advocacy for membership and its exaggeration of the renegotiation all point to a strong bias in the Government mailing. Wall claims that the implications of EEC membership had all been aired during the passage of the European Communities Act in 1971-72, but this is to ignore how alien and remote Parliamentary proceedings were to most people, especially before Parliament was televised.

It’s also important to note that European politicians seemed to feel a need to bolster the image of renegotiation during the referendum campaign and claim that Britain had managed to

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166 £125 million is equivalent to £888,900,000 in 2012 prices
167 ibid.
get a good deal at their expense. On 25 February 1975, the German government told the FCO informally that they “intended to provide helpful propaganda in Britain for the European cause.” Schmidt announced that the new measures agreed at Dublin would cost West Germany between £46-£48m. Clearly considerable expense, in time and resources, was spent on promoting renegotiation and it’s almost certain that it had a profound effect on the shift in public mood.

4.2 The impact of renegotiation on the public

While the tangible impact of renegotiation on the referendum is hard to discern, in their definitive analysis, Butler and Kitzinger note a shift in the polls following the Dublin summit:

“With the increasing certainty as the Dublin Summit approached that the government would recommend the terms the published polls reported a switch in February/March… a sharp rise of support for the Market as the end of renegotiations drew near and as the government formally endorsed the terms.”

This was certainly the view of Wilson who, after the result was announced, told Callaghan “it was the success of the renegotiations and the way you masterminded them that brought about this result”. There are many factors that made people want to vote ‘Yes’ in 1975. Inflation was running at 26%, the balance of payments deficit was at £1.5 billion and there was no sign of growth. Pro-marketeers were eager to play on the fears created by the dire economic situation, with Soames warning the public that it was “damn cold” outside the Community. However, this line of attack had been used by pro-EEC politicians for many years, but had done nothing to change the public’s sceptical view of the Community. Despite living in troubled times, the public said repeatedly in opinion polls that they would vote to leave. Private papers show

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169 Referendum Propaganda, Letter from D J Hall to J N T Spreckley, 25 February 1975, 30/3076, TNA
170 Equivalent to £327,115,200 - £341,337,600 in 2012 prices
171 The Times, 19 March 1975 p. 2
174 £1.5 billion was equivalent to £10,666,800,000 in 2012 prices
175 ibid., p. 518
176 European Communities Commission Press Release, “Soames says no time for Britain to leave the Community”, 1 November 1974
however that the pro-marketeers found the argument that the EEC had changed and would continue to change was effective, at least with certain groups.\textsuperscript{177} Certainly the pro-marketeer campaign felt that reassuring people that a ‘better deal’ had been secured would play a key role in convincing people to change from ‘Out’ to ‘In’, seen in the way renegotiation played such a pre-eminent role in the ‘Yes’ side’s literature and the way officials encouraged Ministers to refer to the renegotiation right up to the day of the vote itself.\textsuperscript{178}

\begin{center}
\textbf{Majority for ‘Yes’ in an In/Out vote (Yes % minus No % among decided voters)}
\end{center}

\textit{November 1967 – June 1975} \textsuperscript{179}

\begin{center}
\begin{figure}
\begin{tikzpicture}
\begin{axis}[
width=\textwidth,
height=0.5\textwidth,
axis x line=bottom,
axis y line=left,
]
\addplot table [x=Month, y=YesMinusNo, col sep=comma] {data.csv};
\end{axis}
\end{tikzpicture}
\end{figure}
\end{center}

Backed by the narrative of renegotiation, the support of all the party leaders, the government, a huge war chest (over the course of the referendum ‘Britain in Europe’ outspent

\textsuperscript{177} Conversation with Michael Lloyd of the Community’s London information Centre, 26 February 1975, FCO 30/3076, TNA
\textsuperscript{178} Oil and VAT: Points to make, FCO 30/3067, TNA
the National Referendum Campaign by £1,365,583 to £133,629⁴⁸⁰) and a national press overwhelmingly in favour of membership (only The Spectator and the Morning Star opposed joining), the Britain in Europe campaign enjoyed an easy victory. It could also be said that they were helped by the referendum question; Palliser would later admit that “the question itself was cast in terms which made it, if you like, easier to vote yes than no.”⁴⁸¹ During the BBC’s election night broadcast on 5 June 1975, there was no doubt about who had won, with David Dimbleby pointing out at one point that the question was not who would win, but how much the Yes vote would win by. Sir Christopher Soames, interviewed on the same program, could barely contain his delight at the result “Well it looks good doesn’t it? It looks like a very considerable vote in favour.”⁴⁸²

In many ways the night of the referendum perfectly captured the dynamics of the whole renegotiation process. Callaghan delivered a speech that had been prepared for him by his officials.⁴⁸³ Harold Wilson for his part did not celebrate too much – though there were reports of champagne being uncorked in Number 10. He later made a speech in which he focussed on addressing the anti-marketeers in his party, making it clear “every democrat will accept the result” a final reminder that, for Wilson that the issue was, and always had been, about the Labour party.⁴⁸⁴

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¹⁸⁰ Equivalent to £9,710,933 and £950,262 in 2012 prices
¹⁸² BBC archival footage
¹⁸³ Referendum ‘Yes’ contingency planning, FCO 30/2944, TNA
¹⁸⁴ BBC archival footage
Conclusion

“Part of the reason for the renegotiation – the main purpose – was to tell the country and especially the Labour Party that we had achieved concessions... It was a sort of reassurance to the public that Britain had been looked after – in reality not a great deal was achieved, but what was achieved was helpful.”

Lord Donoughue’s words serve as a useful description of the Wilson Government’s renegotiation. By almost all measures the renegotiation was a facade. When asked by the author, Sir Michael Butler said “I think he [Callaghan] wanted to achieve something that could be sold to the British public as being a sufficient renegotiation without Treaty change.” The government clearly set out to convince the public of something that was fundamentally untrue: that the terms of Britain’s membership had radically changed.

The two dimensions of the 1975 renegotiation - party politics and European diplomacy - have long been appreciated by historians, but their relative importance merits reassessment in light of David Cameron’s planned renegotiation. According to historians like Stephen Wall; “From the perspective of Wilson and Callaghan, there were two main aspects to renegotiation: the external renegotiation with foreigners and the internal management of a divided Cabinet.” This is only half of the story. Wilson’s attention was always far more on the latter than the former. His focus on party unity allowed officials to dominate the renegotiation process, and enabled them to slim it down into something of little or no significance.

Helmut Schmidt would later claim that “if, from British hindsight it worked as a cosmetic operation, then the rest of the members were successful.” “Cosmetic” is a good word to describe the renegotiation. It failed to address the internal structure of the European Community because it failed to amend the Treaties. In an impressive operation, anti-marketeers were excluded from the process - ensuring that the final renegotiation didn’t reflect their concerns and there was no one in Government pushing for fundamental changes. Yet the

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185 Interview between Oliver Lewis and Lord Donoughue, House of Lords, 10 July 2013
186 Interview between Oliver Lewis and Sir Michael Butler, 22 July 2013
188 Cited in H. Young, This Blessed Plot, New York, Overlook Publishing, 1998, p. 283
dramatic way in which the renegotiation was presented encouraged a misinformed public to vote for the changes. The Government’s rhetoric did not meet the depth of the reforms that were proposed yet, with the establishment pushing the narrative of a battle won and a new dawn on the horizon, the 1975 referendum became a foregone conclusion.

The likelihood of Britain holding an EU referendum between now and 2017 have increased. Whether through the success of the Private Members’ Bill making its way through the Commons, the Conservatives winning the next General Election, Labour and the Liberal Democrats matching the Conservatives’ policy, or EU integration activating the Referendum Lock as it seeks to secure the future of the Eurozone - Britain is preparing to vote on its membership of the European Union and the lessons of history will play a key part.

In 1974, elements within the Establishment, particularly the civil service, were adept at seizing control of the initiative. Already, certain figures in the 1975 renegotiation are suggesting a similar process could be repeated in 2013. Donoughue warned the author that “When it comes to it, the Foreign Office and the civil service machine will put a lot of pressure on [the Government] for a Yes vote.”¹⁸⁹ In a recent speech, Lord Hannay said:

“You can see if you look around now, certain items of normal European business which may well be presentable to the British public as being something that is very good and in our interest as well as in the interest of the EU as a whole. Perhaps if there is a transatlantic trade deal, perhaps if there is a free trade area with Japan, perhaps if the Common Fisheries Policy is changed rather fundamentally as is beginning to emerge in Brussels now with greater powers to the fishery regions and less decisions being taken at the centre. So that could well fill out a sequel to ‘Renegotiation without tears’ which could be called ‘Repatriation without tears’.”¹⁹⁰

With this in mind, I believe there are five lessons that can be drawn from this period to help shape the Government’s approach to the upcoming EU renegotiation, and provide accountability to the public.

¹⁸⁹ Interview between Oliver Lewis and Lord Donoughue, House of Lords, 10 July 2013
¹⁹⁰ D. Hannay, “Britain in Europe: the early years” (Europe House, London, 21 January 2013)
1. **Clear objectives are needed before renegotiation commences**

The Wilson government used deliberately loose language when setting out their desired changes in the 1974 Labour Manifesto. By keeping his promises vague, Wilson was able to claim an unwarranted success following the renegotiation. This shows that specifics are key when it comes to evaluating the final achievement. It is clearly insufficient for any government to say it will seek a “fair” or “better” deal without elaborating on how it judges “fairness”. Similarly, instead of highlighting areas (for instance, the CAP) where the government wants change, listing some of the specific changes that they want to see enacted would provide the public with a far better measure of how successful the renegotiation has been. While it is understandable that the negotiators don’t want to approach talks with all of their ‘red lines’ laid out for the other side to see, it is only right that voters have an informed view from which to judge the success or otherwise of the renegotiations. In addition, it is sensible that Parliament is able to review the objectives before the renegotiation, with the potential for a debate to determine if the Government’s aims are satisfactory and will deliver the scale of change that MPs believe their constituents desire.

2. **Meaningful change requires Treaty change**

Many of the changes that were attained in 1975 were later judged unsatisfactory because they relied on working around the Treaties and didn’t tackle the substance of the Treaties themselves. Piecemeal reforms in policy areas such as international development and agriculture were considered insufficient by those who wanted substantial change in Wilson’s day. People who feel similar today will also want to see Treaty change, especially because Britain has surrendered its veto in a large number of additional policy areas since 1975. For any renegotiation to have lasting effect, the Government must be prepared to demand that the Treaties are opened. As David Cameron rightly said in his Bloomberg speech:

“I agree too with what President Barroso and others have said. At some stage in the next few years the EU will need to agree on Treaty change to make the changes needed for the long term future of the Euro and to entrench the diverse, competitive,
democratically accountable Europe that we seek. I believe the best way to do this will be in a new Treaty so I add my voice to those who are already calling for this.”

The prospect of Treaty change increases with each speech given by senior EU politicians as they try to address the financial instability in the Eurozone. President Barroso has used the last two of his ‘State of the European Union’ addresses to push for banking and fiscal union - which would require an opening of the treaties. In addition, the concept of Treaty change has won support across Europe - from the governing VVD party in the Netherlands to Angela Merkel’s victorious CDU in Germany. Treaty change is going to come and David Cameron is right to use this opportunity to get a better deal for Britain.

3. The expertise of people from a wide variety of backgrounds should be utilised

There should also be a range of voices and backgrounds represented in the renegotiation team. In 1974, the negotiations were conducted by officials with long histories of close connection to the EEC. These (mostly) men, entered talks with a pretext of not only keeping Britain ‘In’, but locking the country in further. Officials in the FCO and European Commission were able to present a united front in claiming big changes had been achieved. With senior figures from that time warning the same thing could happen again, it is important that this time around Britain is represented by people who will act with the country’s interests foremost in mind. This is not a conventional negotiation over a run-of-the-mill Brussels directive, but a fundamental realignment of the UK’s trading and governance relationships with the rest of the world, which will involve an element of political-strategic judgment and commercial skills that are outside the remit of impartial civil servants. Therefore, the renegotiation must be led on a day-to-day basis by senior, front-line politicians who are accountable to Parliament. They need to be assisted by credible business figures, experts in their field and third party advocates, who would give a greater plurality of opinion and expertise and make the British negotiating team a more accurate reflection of British society as a whole.

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191 D. Cameron, “EU speech at Bloomberg” (London, 23 January 2013)
4. **Renegotiation should not be rushed and Parliament should be regularly updated**

The gradual withering down of Wilson’s radical sounding renegotiation proposals took place largely because the entire policy was directed in an informal manner, with officials able to report and influence Wilson and Callaghan directly. The renegotiation process was dependent on the attitudes of these two men, whose detachment from the whole process meant that it became the effective purview of officials. Meanwhile the shortness of the period before the referendum left Wilson’s government in a hurry to achieve any concessions, further weakening the arm of the negotiators. Fortunately, the current Government has set out a longer timetable, which gives their negotiating team the opportunity to take account of changes in the Eurozone to have a proper public debate and to update Parliament regularly on the progress of talks.

5. **The integrity of the renegotiation must be upheld by eliminating undue influence on the referendum campaign.**

In 1974 the Government commissioned its own analysis of the renegotiation, which it then sent to every household in Britain. Once Wilson had determined his position on the referendum, this document was always going to be used to bring the country onside, rather than provide a dispassionate assessment of the changes that the Government had made. The ‘Political Parties, Elections and Referendums Act 2000’ (PPERA) would prevent this happening again by passing the role of writing any information document to the Electoral Commission, although they too are not above criticism. However, PPERA remains defective in its controls on government activity. The section 125 purdah does not work and – crucially – there are no controls on EU-funded bodies. It makes sense that, in order to ensure the integrity of the renegotiation on both sides, the PPERA controls on public-funded bodies during referendum campaigns are tightened, and “public-funded” must include funded by the EU.

It is not uncontroversial to point out that there are powerful institutions in Britain and abroad that oppose a significant of transfer of powers back to the EU member states, and that these figures will exercise significant control over the mechanisms of any future renegotiation. In 1974-75, certain officials within the FCO showed themselves to be adept at drafting a
renegotiation that did little while creating the image that a substantial transfer of powers had taken place. The majority of the Government and Opposition subscribed to the FCO view and, with only two publications of any significant circulation supporting ‘Out’, the British media also proved unwilling to cast a critical eye over Wilson’s renegotiation settlement. The Establishment presented a united front while the ‘Out’ campaign was stuck on the fringes, and there were little or no third party groups strong or well-resourced enough to push the alternative view. “I voted to stay ‘In’ in 1975, but I didn’t know what I was voting for” has become the familiar refrain of people disillusioned with what has happened to the (now) European Union in the last 40 years.

Britain in 2013 has a more diverse media sector swelled by online and social media, more vibrant think tanks and campaigning groups, and charitable organisations familiar with passing judgement on government policy. The chances of a renegotiation today not receiving the proper scrutiny is much lessened. However the opportunity for the same cabal of self-interested civil servants and career diplomats, all of whom have strong links to the EU’s institutional apparatus, deciding the terms and success of renegotiation remains. Today, Parliament is a more forceful and independent institution than it was in the 1970s and it should play a key part in the scrutiny and assessment of renegotiation. Similarly, it is vital that a diverse range of voices is brought into the process of determining what changes are needed. The Prime Minister has laid out bold but necessary steps for changing Britain’s membership of the EU. His timing couldn’t have been better, as European leaders look to Treaty change to bolster the flagging Eurozone economies. With the benefit of an economic and political environment in flux and a proper timetable for reform, David Cameron has set the stage for achieving the sort of renegotiation that Wilson promised, but ultimately failed to deliver.
Appendix: Interviews

i) Interview between Oliver Lewis and Lord Donoughue, House of Lords 10 July 2013

Oliver Lewis - Well I hope you don’t mind me asking a few questions .... First of all can I ask, in order to get some context for this, can I ask what your views were on the European issue and the idea of membership back in 1974 during the election period? Were you supportive of membership would you say?

Lord Donoughue - I was, on balance, supportive. I was not as committed. I was on the right wing of the Labour Party. I had been secretary of something called the Campaign for Democratic Socialism which supported Hugh Gaitskell against Wilson and against the left so I was on the right with Roy Jenkins, Bill Rogers, Shirley Williams and all of those. Now they were strong Europeans. They were stronger than me. But on balance I felt it was right to be in, it was wrong to be out and I agreed with Harold Wilson when I asked him, because I didn’t know which way he would vote, and I asked him on voting day which way he was going to vote and he said he was going to vote to stay in and I said “good”! I hadn’t, never been able to predict which way he was going to go, because he was naturally a sort of Little Englander and all of that. And he said “Oh yes”, he said “pulling out of Europe would put the wrong people in power in this country” and he meant Tony Benn and Enoch Powell and so forth and that was basically my position.

OL - OK then, the interesting thing about Wilson is obviously, as you say, he’s a slightly canny operator – that’s what history has dubbed him. So you would say that there was a serious chance that he would have considered voting ‘Out’?

LD - Not by that stage. What I think is he didn’t share any of the Europhile enthusiasms that, say, Roy Jenkins had. He was a little Englander. He didn’t like going abroad. He spent his holidays in the Scilly Islands and felt that was as far abroad as he wanted to go. So he wasn’t a classic pro-European, but his reflection, having been Prime Minister then for over seven years was that it was right for Britain to be in Europe and he didn’t like the idea of us being not in. He was not a great European. He didn’t have any of those ideals. But he just thought that we should be ‘In’.

OL - That makes sense. The interesting thing about Wilson I always thought is that he goes from one extreme to the other. During his first ministry obviously you have the application, you have
de Gaulle’s veto and then you have the 1970 election and Heath comes in and there’s a switch to embracing the referendum. Was there any particular part of Heath’s settlement which he talked to you about during those years in opposition that he took particular objection to?

LD - What do you mean by the Heath settlement?
OL - The terms in which Heath took us into Europe.

LD - Yes, he felt that it was abandoning the Commonwealth too much. He was a great Commonwealth man. I mean by now nobody knows what you mean by that. But he was a great Commonwealth man. He thought that Heath gave away too much because Heath was so desperate to go in. So Wilson thought he could negotiate more and he did negotiate a bit, not too much, but no, basically he was for staying in and he wanted to negotiate some concessions in order to sell to the party. The referendum wasn’t his idea - it was Tony Benn’s idea and Roy Jenkins opposed it. Ironically, in the end, the referendum ditched Benn and supported Jenkins so that’s how politics works. Wilson grabbed it because he saw it would get him through the next election – which turned out to be two elections - without having to have an argument about Europe. He could just say “We’ll have a referendum.”

OL - So it was a way of uniting the party...

LD - Uniting the party over the coming General Election.

OL - OK then – the interesting things about Wilson’s scepticism – I’m just going to ask a couple more questions about Wilson personally and then we’ll move on – you say in your diaries that as far as you were aware he never humoured the idea publically or in private saying out loud said he’d vote to leave. Obviously you felt the need to ask him which way he’d vote – do you think there was any point in which he would have contemplated going towards an Outist position either for party unity sake or because he didn’t think the renegotiation wasn’t going well?

LD - Well, Wilson thought about everything in sort of political terms. I don’t think so, because he thought the unreliable men were for pulling out. He didn’t trust Benn, he didn’t like Powell. So it was the left wing and the right wing who opposed Europe and he was essentially a centre man bridging that. So he might have not been in favour of going in ten years earlier or fifteen years earlier when he was more attached to the left but by now as an experienced Prime Minister he – I don’t think he would have thought of that, no. He was never as I say, he was never a Euro-fanatic. He wasn’t ever with Jenkins or those kind of people who thought that Europe was the
most wonderful place and all of that. He never shared that and if pressed he could have written
a very good essay on all the objections to Europe, but on balance he was for being In.

**OL** - That’s interesting. One of the things that Jim Callaghan said, which I thought was very
interesting, was apparently after he was appointed Foreign Secretary he called in some senior
civil servants and said “I understand that you are very loyal to the idea of Europe, I want you to
understand I’m very loyal to the Labour Party.” Would you say that was...

**LD** - Yes. Jim and Harold shared a lot. By that stage in their careers they agreed on a quite lot
and that would have been Harold’s position. That was both of them. But Harold was more
convinced that it was in the Labour Party’s interest to go in. Jim, I think, Jim didn’t feel very
strongly on the issue either way, but he was prepared to negotiate us going in and happy with
us being in. I think there wasn’t much difference between them – but if there was a difference I
felt that Jim was almost cooler on Europe than Harold was.

**OL** - That’s really interesting. I want to move onto the Labour manifesto...

**LD** - Remember The Foreign Office was very keen for us to go in and I think that they had an
effect on Jim over his two years as Foreign Secretary and I think he became a little more
convinced about Europe the longer he was Foreign Secretary. I think the Foreign Office had an
effect on him.

**OL** - I want to move onto the Foreign Office. It’s very interesting - they clearly do have an effect
over this period. Would you say that they had an effect on the Prime Minister as well during this
time? In terms of briefings...?

**LD** - Not so much. Harold was wary of the Foreign Office. His was a political position.

**OL** - The advice that you received from the Foreign Office regarding the renegotiation; I was just
wondering is there any particular nuggets that stick out in your mind? Did they raise any
particular problems with renegotiation or did they make any particular points which seemed to
contradict the idea of a wholesale change in our relationship with Europe?

**LD** - The whole thrust of the Foreign Office’s briefings was to stay in. I describe in there one
evening in Paris when Harold Wilson where we had a bit of an explosion late at night but that
was almost political too. He was there demonstrating he wasn’t going to be conned by the
Foreign Office. I would say that if anything their briefings were almost too biased.

**OL** - It was biased?
LD - [interruption] biased. It was heavily pro-Europe. I didn’t seem to see much... they were not aware there might be reservations about the Europe thing. No, they were very pro.

OL - That’s really interesting. I want to talk a bit about the manifesto, the points that...

LD - By the way, the main Foreign Office adviser, who just died, later became head of the Foreign office – his name escapes me... (OL: Michael Palliser?) Yes - Michael Palliser. He was very strongly pro-Europe. That’s why Margaret Thatcher never put him in here. Other heads of the Foreign Office are in here, some of them not in the same league as him, but she blocked him because he was so strongly European. He was very impressive. If you got him and Michael Butler and one or two of the others they were total Europeans.

OL - The interesting thing about Michael Palliser is that in his interviews before he died he described how he went to Downing Street... The Foreign Office basically was a bit shocked at the fact that Labour had won and was wondering what to make of renegotiation and they were wondering whether or not this required Treaty change and he describes in an interview - it is a bit of strange description that he offers - he went into Downing Street he describes how he went to Downing Street as he was concerned about the nature of renegotiation and he says that it was made very clear to him that actually there was no need for Treaty change and that was not envisioned in the renegotiation. I was just wondering was that a deliberate decision by the Harold Wilson administration – that Treaty change wasn’t required?

LD - I don’t remember much about that. All I remember was the sort of the assumption that if you wanted to do renegotiation or anything that it was better not to get into Treaty change. It seemed a much more complex challenge. I remember Harold saying that it doesn’t mean Treaty change. For us it was a much simpler operation if you renegotiate within. But I have to confess I don’t think I was involved in that. I don’t really remember Michael coming in. But that would have been fairly early on when I was only just getting my feet into it.

OL - Of course. Can I ask, because it’s a very interesting point is this particular decision, which I’m very interested in, that Treaty change wasn’t required because obviously we’re seeing the same debate happening today - during the election campaign was there any discussion about the extent of renegotiation in terms of if it would need Treaty change? Had Harold Wilson already decided before getting into Number 10?

192 NB Subsequent research showed that Treaty change was ruled out during ambassador’s meeting with Callaghan before this No.10 meeting.
LD - I think Wilson had decided he didn’t want to get into Treaty change. That this was the simplest way to do it. You promise people a referendum, you first of all try and get some concessions then you go to the people and say we’ve got some concessions then they would vote “good for you.” That’s the way... lots of people didn’t take the renegotiation very seriously.
OL - Within the government or outside?
LD - Yes, both. People quite high-up could see the political need for a renegotiation because you had to go and say that we’ve got a better deal than Heath but I don’t know of any major achievements... I talked to a number of Europeans and they seemed pretty keen to find some concessions they could make so both sides could say that they were happy with it and so forth.
OL - That makes sense. Would you say that Harold Wilson had that view as well? That actually for him it was much more political? Because it’s very interesting – you have that pragmatic approach, but then obviously he detonates at civil servants for not being strong enough. There’s a bit of juxtaposition there...
LD - It was all political. He wanted... well there were two things: he wanted to show that he really was fighting Britain’s case and was not just a stooge of the Foreign Office but also he was under pressure from some anti-Europeans. I mean his political secretary Marcia Williams as then was – no she was Marcia Falkender already - she was always sort of attacking him. She was always anti-Europe and anti-foreigners. He was sometimes performing to try to prove to her that he had really taken a strong line.
OL - So that is why he would make these demonstrations?
LD - Yes. I wouldn’t take them too seriously.
OL - One of the interesting things that he wrote just before the election in, The Guardian I think it was, he wanted to make sure that Britain had a “fair wind” before entry, with its head held high. Looking back- it’s a nice way of saying - would you say that he had that “fair wind” when he actually recommended that we went in, to the British people?
LD - Yeah I think so. I think that he achieved basically what he had in mind. We got one or two things on Commonwealth entry – New Zealand butter was something he was very concerned about...Yes I think so. They didn’t make any... The Europeans weren’t making major changes as it was their project, you know – if you don’t like it... but they were - the Germans especially – they were helpful. They knew, Schmidt and so knew, he had to get something so they made sure he had some things. Yeah, I think it went as he had in mind - to achieve some things. If he achieved
them, he wanted something in his Commonwealth area – then you go to the referendum. Remember that the yesses were behind at the start. And I believe that would happen again. I believe that the actual vote would start off miles behind and that the final vote would be very close. People don’t like change.

**OL** - Brings me nicely onto my last point I want to cover in some detail – which is the manifesto that Labour had, I’d just like your views on the manifesto – and some concerns there and then actually wouldn’t mind your views on where we are today. The Labour manifesto of 1974, it was quite loose in terms of what it promised to get back from Europe, issues about Parliamentary sovereignty for example and major changes to the Common Agricultural Policy. Would you say that was a deliberate loose wording in order to give scope for renegotiation or am I being unfair here?

**LD** - No. I think that the loose wording was fairly deliberate. There were those on the Bennite left who wanted to come out so some of the left were not very interested in saying what you wanted to get out of the renegotiations, they wanted out! Harold really wanted it loose. But he was also very keen that it shouldn’t be a problem with the electorate. He had been in the Labour Party a long time. He didn’t have much respect for the National Executive Committee and those kind of people who drafted the manifesto anyway. So provided that it was just a little bit looser that was all right. He did like to always be able to say that he had met the manifesto commitments. But he didn’t actually believe in the manifesto.

**OL** - It’s interesting - I remember how you describe in your diary how he sat ticking off the various parts of the renegotiation.

**LD** - Yes, he always did that: He also had a list in his pocket of the manifesto commitments which he would tick off. And he had another list of the things that the government had achieved which he would take out. He was a great list man.

**OL** - When ticking off the six points – there’s a few that he’s able to give very good reasons as to “Yes I had got this concession”, for example New Zealand butter imports. Others the reasons seems a little bit looser like Parliamentary sovereignty when he simply says to the Commons that “this hasn’t been an issue while we’ve been in office, ergo I don’t think…” Would you say that it wasn’t so much a case that he needed to find a definitive concession – it was enough to say simply say “it hadn’t happened”…
LD - You must remember that we hadn’t been in Europe very long. We only went in ’72. [inaudible] We didn’t have much experience and for half of that the Tories had been in, not Labour. So it was true that we hadn’t had many issues at all, we hadn’t had long enough to have any issues.

OL - Was there any conversation about the implications for Parliamentary sovereignty that you remember?

LD - No. I remember, Jim especially, there were concerns about Parliamentary sovereignty and so forth. But you have to remember that the Europe we were talking about was a trading community. That’s what people voted for. And in the trading community there weren’t necessarily any major parliamentary sovereignty issues for us. The agricultural policy was a different thing – Europe was then basically about two things, it was about the agricultural policy and it was about free trade. So it wasn’t really like now, about European courts telling you what to do and things like that. I am sure Harold would not have voted to enter today’s Europe. I don’t think he would.

OL - For him it was very much a trading organisation?

LD - Yes it was a trading organisation. It was also... he did see the Foreign Office arguments that it gave us a position at one of the big tables in the world and that would still be an issue now.

OL - A case of Britain losing an Empire and finding a role?

LD - That’s right, absolutely right. We needed to find a role. Now maybe we don’t need a role. But yes, it was a different project that we were looking at.

OL - That’s fascinating, that insight clarifies a lot of what I’ve been trying to understand. The Foreign Office – when Heath had been Prime Minister - had had conversations with European partners about Economic and Monetary Union at that stage. How many conversations were there that you recall about EMU as a serious prospect?

LD - At this stage? Very little. The discussions came up later in the seventies when they were talking about the currency grid and we decided not to go in. Jim was very against.

OL - What about Harold Wilson?

LD - By then Harold was gone. That’s when it started coming up – the late 70’s. That’s when it started coming up. Harold had gone and Jim was Prime Minister and Jim was against and my Policy Unit was against. And the Policy Unit was quite important and drafted a lot of memos to Callaghan on this. My two main advisers were Andrew Graham, who became Master of Balliol,
and Gavyn Davis who became all kinds of things, Chairman of the BBC, they were top economists, Gavyn Davis still writes his blog in the FT, they were brilliant economists. They sort of shaped our thinking, my thinking. Jim certainly agreed with them when they gave him the arguments.

**OL** - The last couple of questions I want to ask are about lessons for today. There’s a lot of talk about how far David Cameron’s renegotiation will actually shift attitudes when it comes to the referendum and as you mentioned earlier the idea that the polls are going to narrow as these sorts of things are discussed. How much conversation was there with Harold Wilson about the effect of renegotiation on the public in a referendum campaign? Was there much discussion on this?

**LD** - Yes. Part of the reason for the renegotiation – the main purpose – was to tell the country and especially the Labour Party that we had achieved concessions, it also meant that during the renegotiation there was a constant public debate. So even before the actual referendum campaign, the renegotiations, though they weren’t covered in detail in the press, did lead to discussions. In No. 10 we talked about them. Jim and the Foreign Office were the main ones conducting the negotiations - the Prime Minister went to the Heads of Government meetings but in-between there were a succession of discussions - so Jim was the main one doing it and Lord McNally was very closely connected with that. He would be a very good person to talk to. He’s an excellent man.

**OL** - What was the impact of the renegotiation on the electorate?...

**LD** - I think the main effect was to reassure the electorate that we hadn’t been conned by the Europeans or by the Euro-fanatics and that the Prime Minister and the Foreign Secretary had gone in and argued for Britain’s interests and that was basically the trading and agricultural policy area. So it was a sort of reassurance to the public that Britain had been looked after – in reality not a great deal was achieved, but what was achieved was helpful. That was the main thing. It gave a reassurance to the public so that when you came to the referendum and three party leaders all supported ‘Yes’ then I think the public were happy to go along with that. And the polls which at the beginning were down as low as the low thirties, jumped to 68% so they nearly doubled.

**OL** - You would attribute that to the renegotiation?
LD - It was two things. First the renegotiation and the reassurance that went in it (more the reassurance than the detail of the negotiations because when you look at it they were pretty small things that were done) and the second thing is that it focussed people. Most people are not interested in Foreign Affairs or Europe or what have you – it’s only when they have to come to vote they have to think “what do I actually think about this?” and one thing people do is say “what does my Prime Minister think? What does my party Leader think?” and if you’ve got all party leaders going with it then lots of people.... I chatted to lots of people who said they don’t know much about it – but for Labour people, if Harold... they trusted him very much. And Harold and Jim together if they say it’s OK then it must be all OK. This was the main effect. It was very important in getting a “Yes.” I have to say – and I don’t know when we’ll have the referendum - I try not to view things as having been more golden in the past it doesn’t happen to be my view – if you read my diary on the whole I didn’t think they were golden years– but the calibre of the political leaders was of a different order from now. People at the top now don’t carry much conviction.

OL— Out of curiosity, if I can, which side would you like to campaign for in the next referendum presuming it’s going to come?

LD - I’m unlikely to campaign. I would vote to stay in. Never having been a Euro-fanatic and Europe is a different place. It’s a different place to when we went in. There’s much of it where I have reservations. I just think that out on our own... I’m not convinced. I don’t feel passionately either way. I think anyway Europe is going – I don’t say implode – but it’s going to fracture in many ways, and I think that if we’re in there when it fractures it will be possible to negotiate a better situation. I’ve written a long article which was on the Labour blog, One Nation blog. In which I argue for, I believe in a two-speed Europe. The premier league should be for those who are central to the European ideal, the original ones basically, and it should be a north European operation. For Germany and I suppose France, the Netherlands all of those. They should have the Euro, monetary union and all that. I think you should have the second division for other countries, including Britain, but I should think Sweden, certainly Greece, Portugal - maybe Italy - where we’re not in the monetary union. I believe in staying in Europe, I’m not for being in a monetary union. I think a two-speed Europe... I’d be very content to be in. I’m culturally European. I’m just not economically.
Interview between Oliver Lewis and Sir Michael Butler, Monday 22 July 2013

Oliver Lewis - I’m looking, at the moment, into the renegotiation of 1975 and I was wondering if you could possibly offer some insights into this area. So, first of all, I was wondering if you could possibly describe what your role was during 1975, in your own words?

Sir Michael Butler - Well I was the Under-Secretary in the Foreign Office in charge of the European Union and therefore I was the main operator in accordance with whatever instructions came down from ministers. It was quite plain from the beginning that the Labour Party were fairly divided and the Conservatives were not all that much better. It was quite an arduous task trying to do a so-called renegotiation in such circumstances. It implied that the outcome of the entry negotiations had been unsatisfactory and needed to be improved - something which was far from clear to me. However I saw the opportunity to really get the Labour Party in behind a proper attitude to membership. So I worked very hard to keep both parties – especially the Labour Party since they were in power – to keep both parties on board a pro-EU policy.

OL - It must have been quite a task considering the divisions inside both parties.

MB - Yes. It wasn’t all together easy. On the other hand it was plain to me within about 24 hours of Jim Callaghan becoming Foreign Secretary that my job was to make a success of renegotiation so that he and Wilson, who were pretending that they were neutral, could come down on the pro-EU side and work to win a referendum. So I didn’t have material obstacles in the Labour government because I was working primarily directly to Callaghan and none of the other ministers were playing a big role. That said, what we were doing was making an appearance of renegotiation rather than a reality.

OL - If I can ask about the appearance of renegotiation, in terms of discussions regarding the possibility of substantial change did – obviously you’ve made clear that Wilson and Callaghan were on board for staying in the European Community and didn’t necessarily want substantial change - however was there much discussion about the possibility of having a wholesale change or a Treaty change from either of them in these early days of the new Government?

MB - No

OL - Right OK, so from the beginning it was clear that they only wanted a very minor change?

MB - Yes, yes. It wouldn’t be so described.
OL - How would it have been described out of curiosity? This is the curious thing, I've been reading the Labour Manifesto from 1974 and it has very bold language about changing the Common Agricultural Policy and all sorts of other areas which Wilson claims to have ticked off but it doesn’t seem to match the essence of the renegotiation that comes... do you think I’m being fair there or am I being a bit harsh in my judgement?

MB - No, I think that the renegotiation was billed as being a lot more than it was and the results, though satisfactory, were not very important.

OL - And you would say that this was a bit of a conjuring trick by Wilson in terms of the way he presented it to the public?

MB - I don’t think that it’s for ex-civil servants to describe the activities of a former Prime Minister as conjuring tricks. I mean objectively speaking that seems to me to be rather overstating it.

OL - Right, I’m trying to get to an honest take – as I say it’s a historical study that I’m doing. If I can get onto the discussions which led up to the renegotiation. I understand that Sir Michael Palliser went to Downing Street to discuss the nature of renegotiation which specific areas wanted to be changed very early on and it was determined at those meetings that Treaty change wasn’t necessary. 193 Although in his book Sir Stephen Wall has described how Callaghan did want Treaty change in the early months. During your time with Callaghan what was his attitude toward Treaty change? There seems to be a bit of conflict in the accounts.

MB - No, I think that he wanted to achieve something that could be sold the British public as being a sufficient renegotiation without Treaty change.

OL - Right, this makes a lot more sense, and it seems a lot more honest as that’s what has been confusing me. So it’s not so much a case of being deceptive so much as finding what the public would find as satisfactory?

MB - Yes

OL - That makes sense. That makes a lot more sense. That’s very interesting. So how did you find Callaghan’s general disposition towards the European Community? There are all these accounts about how hostile he was – he’d made his “Language of Chaucer” speech in which he had criticised the idea of joining the Community and by all accounts when he became Foreign

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193 NB Subsequent research showed that Treaty change was ruled out during ambassadors meeting with Callaghan before this No.10 meeting.
Secretary he was very rude towards the European Commission and to officials in the Commission. However he seemed to have mellowed over the years that he spent in the Foreign Office. I was just wondering if you could throw any light onto this shift?

**MB** - I was the first person to be called to his office when he became Foreign Secretary. He said to me “They tell me Michael that you’re in favour of the EU.” I said “Yes that’s right Foreign Secretary.” He said; “That’s fine by me just as long as you remember that I really care about the Labour Party.”

**OL** - Yes, I remember reading that in your book

**MB** - The message I got was that it was fine to be a pro-European but not to the extent that it produced ructions in the Labour Party.

**OL** - That makes sense, definitely. Was there much interaction with the Eurosceptics on the Labour bench? I understand that during these months in particular Tony Benn was very active in terms of rallying Eurosceptic opinion within the Labour Party and within the National Executive. Did this have any impact would you say on the way that Callaghan conducted himself within the Community? Do you think he had to adopt a more Eurosceptic line in order to try and appease the troops, as it were?

**MB** - Yes. His line in private was that the Labour Party was more hostile to the EU than he really felt but he didn’t go very far in their direction and he comprehensively out-maneuved Benn and Shore who never really got a look in on the way the negotiations should be handled.

**OL** - Yes, I was going to ask about that. I understand – reading in the accounts that when Harold Wilson set up the renegotiation team – because he set up two separate committees within the Cabinet Office didn’t he to look into renegotiation and I understand that Shore was tasked with Roy Hattersley and obviously Callaghan to look into the renegotiation process. Shore’s role was limited would you say then?

**MB** - Yes

**OL** - Right, OK then, so did he attend meetings? In what way was it limited, if I can ask? As I’m just trying get a bit of fleshing out here for this piece...

**MB** - My memory may be a little short on the detail, but my memory is that in the February General Election took place right at the end of the month. I had a long conversation with Callaghan about what the outcome could be on the various points and he said that what he thought we needed to do was to produce a version of renegotiation from our point of view
which was consistent with the Labour Party manifesto but was advantageous in renegotiating with other Europeans [inaudible]. He put me on the drafting and I spent quite a few long hours and nights producing a White Paper which he — I don’t know how he did it actually because it really didn’t do any good for the cause of Benn and Shore and Foot, I think they were asleep on the job - that White Paper got approved as the position of the government in April and from there on the renegotiation was fairly straightforward.

OL - What was the name of the White Paper again? I’m sure I’ve read it in my research but if I could possibly... do you remember the name of it at by any chance, the title?

MB - No I don’t, sorry.

OL - No worries at all, but it was written just after the election?

MB - Yes. It must have been... the fact that I was working on a White Paper was very confidential to start with. I would have thought it was the end of March before the draft was seen by anybody except me and the Foreign Secretary and his personal team.

OL - Right, and confidential presumably mostly from Shore...

MB - Yes.

OL - Right, that’s fascinating, it’s a highly intricate operation isn’t it? I’m really... it’s quite impressive actually. If I can talk a bit about the details of renegotiation - as I understand that the Prime Minister went over to Paris to meet the French president and his team during these talks and there was discussion from the Foreign Secretary about Britain’s budgetary contributions? I understand there was some desire here to have some sort of change – did the Foreign Secretary convey any particular desire or eagerness to see some substantial or wholesale changes in this area in particular?

MB - Well he thought - and was objectively right and I think that everybody else on the inside of the British government thought - that the deal that had been done about the budget contribution and on own resources was an extremely poor deal and so we were looking to improve it. As a matter of fact in the end we didn’t get as much of an improvement as we could have had because Wilson showed absolutely no interest in the subject whatever.

OL - Really? That is fascinating. What areas was the Prime Minister interested in, if I can ask? In renegotiation was there any particular area the Prime Minister had a personal desire to see changes...
MB - If I remember rightly Shore managed to persuade him that we were... that there were unacceptable constraints in the budgetary field. It took quite a lot of manoeuvring to get ourselves, to having our hands reasonably free.

OL - I wanted to ask a little bit more about the other changes that were made. The one big change that came from the renegotiation which the Prime Minister did make a lot of political capital of was the changes to the imports and exports, so famously New Zealand could export certain agricultural goods to the UK a lot more easily...

MB - Yes, that was one of the points which I was instructed to stress in this White Paper.

OL - OK then. So out of curiosity, in terms of the process for getting this from our other European partners how cooperative were the other member states and the Commission to this particular change? Because, obviously, the idea of a common European tariff – not tariff but relation to external countries in terms of trade – this sort of shift seems pretty impressive by my reckoning - was it a hard thing to pull off? How was it done?

MB - I think it was surprisingly easy. Obviously I didn’t do the job myself. It was Callaghan who did the actual arguments with the French.

OL - In your time with Callaghan you didn’t see that discussion - so you have no idea why the French were willing to move in that particular area?

MB - Well it was plain very early on that as soon as the French had accepted that the purpose of renegotiation was to succeed a lot of people – it’s true that Shore and Benn and Foot hoped, their purpose in having the renegotiation was for it to fail so that there could be a referendum in which the government could recommend leaving - and I was dispatched in the first week of the new government, I was dispatched with a Treasury official to the most important EU countries to convince the governments that they should take renegotiation literally i.e. that they should not think we were trying to set up a situation in which the government would recommend leaving. On the contrary the aim was to set up a situation in which the government would be able to recommend remaining ‘In’.

OL - I understand that when the Prime Minister met the French President – I think it was in November or December of that year - it was asked “what precisely would you like to see in a renegotiation in order for you to recommend an ‘In’ vote in a referendum?” When you were dispatched with these officials I presume the same question must have been asked to you?
MB - Well I was dispatched within a few days of the government taking office in March and of course they all asked “what do you want?” and I gave them the best reply that I could; I said that we are working on a White Paper and you will have to wait until you have the White Paper before you can know our negotiating position.

OL - That makes a lot of sense. That’s brilliant. That covers the main areas I wanted to talk about Sir Michael. If I can possibly ask - because you made some very interesting points - do you mind a couple more questions based on what you said earlier because I found them really interesting and would like to probe in detail?

MB - OK

OL - In terms of your White Paper you said that you were asked to stress the impact of renegotiation on the imports of New Zealand butter. Were there any other areas which the government was particularly keen for areas to be stressed or highlighted?

MB - I think – I’m afraid I don’t remember the details now. Callaghan attached a lot of importance to the Commonwealth governments being reasonably content with what was being done – so you need to look into the White Paper and see what we were stressing.

OL - That makes sense. I think that pretty much covers the areas I wanted to talk about. Thank you so much for your time.
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