

A pyrrhic victory: Harold Wilson, Helmut Schmidt, and the British renegotiation of EC membership, 1974-5

Abstract

Britain's renegotiation of EC membership in 1974-5 has commonly been praised by historians as a tactical masterpiece by Prime Minister Harold Wilson in holding a divided country and party together while also keeping Britain inside the European Community. By contrast, this article focuses on the detrimental effect the episode had on Britain's standing inside the EC. **Using the prism of high-level diplomacy between Wilson and the German Chancellor Helmut Schmidt, it reconstructs precisely the changes in German perceptions of British positions,** showing how initial goodwill towards Britain's demands soon gave way to widespread scepticism over British motives and ultimate intentions. While highlighting the strong domestic pressures driving Britain and Germany apart, the article ultimately argues that these differences were unnecessarily exacerbated by Wilson's failure at personal diplomacy on the highest level. A different handling of Schmidt may not have resulted in a radically different outcome of the renegotiations; but it may well have avoided the profound sense of distrust and suspicion over Britain's future role in Europe that the episode stimulated among the Germans. The article is based on recently declassified sources from three countries, as well as on rare materials from Schmidt's private archive in Hamburg.

Keywords

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Article

On 1 January 1973, Britain belatedly joined the European Communities [EC] after two previous applications had been vetoed by the French President de Gaulle.¹ The entry signified a new episode in the country's history, perhaps even 'the most profound revolution in British foreign policy in the twentieth century'.² After years of uncertainty over the country's post-imperial role, Britain was now seen to be finally embracing its European destiny. Yet, merely a year later, the newly elected Prime Minister Harold Wilson set out to 'renegotiate' Britain's terms of entry and then conduct a nation-wide referendum over EC membership. Historians have since portrayed these renegotiations as a tiresome but necessary exercise to keep a deeply divided party and government together while also securing British EC-membership for the future.³ Stephen Wall, for example, suggests in his recently published official history of Britain's relations with Europe that Wilson's strategy was 'the life-raft that kept a workable policy on Europe alive within the Labour Party'. If the Prime Minister 'had fallen on his sword for the sake of pursuing the European policy he had espoused in Government [in the late 1960s]', so Wall argues, 'the result would probably have been the end of his leadership and a Labour Party committed to withdrawal from the EEC, or deeply riven, or both'.⁴ Such judgements stand in a wider historiographical tradition that now tends to credit Wilson for a deliberate strategy to secure Britain's place in Europe, as opposed to previous accusations of an opportunistic and unprincipled handling of the question by contemporaries.⁵

By contrast, this article focuses on a lesser-studied aspect of the renegotiations, namely the detrimental effect the episode had on Britain's standing inside the EC. It shows how Wilson's domestic victory came at a heavy price internationally, strongly reinforcing doubts over Britain's future role in Europe at a crucial juncture in the country's foreign policy. **This analysis centres primarily on** the German chancellor Helmut Schmidt, who is generally credited for being consistently helpful and having had a major influence on the successful outcome of the renegotiations.⁶ However, using recently declassified official records as well as rare materials from Schmidt's private archive, the article reconstructs how Schmidt's initially helpful attitude soon gave way to widespread scepticism over British policy towards Europe, doubts that ultimately contributed to the re-emergence of the Franco-German axis under Schmidt and the French President Valéry Giscard d'Estaing. As a result, an ultimately insignificant episode nonetheless led to a deep-seated erosion of German trust in British European policy; stimulating doubts over Britain's future role in Europe that were to remain a recurring feature over subsequent decades. In trying to explain this outcome, the article focuses primarily on the personal diplomacy of Wilson and Schmidt on the highest level, as well as on the radically different domestic environments in which the two leaders were operating. It suggests that, while divergent political pressures narrowed down the freedom of manoeuvre for both, Wilson's profound failure at communication on the highest level nonetheless had a profound

impact in shaping German perceptions of the British position. A different approach by Wilson would probably not have resulted in a significantly different outcome of the renegotiations themselves; but it may well have avoided the profound sense of distrust and suspicion over Britain's future role in Europe that the episode stimulated among the Germans.

The article first looks at the origins of the renegotiations, showing how British tactics were almost exclusively determined by the perceived pressures of domestic and party-political opinion which led to an unclear and often contradictory diplomacy towards other EC member-states. Then, the article moves on to revisit Schmidt's Labour Party conference speech in November 1974 and the following Anglo-German bilateral discussions at Chequers, an episode that has since acquired almost mythical qualities in shaping the eventual outcome of the renegotiations. Yet, this article analyses how the British largely failed in trying to gain greater German support for their renegotiation objectives, and that the meeting's significance has almost certainly been exaggerated for domestic consumption. Indeed, it is suggested that the visit only reinforced Schmidt's doubts over British sincerity and Wilson's reliability in European politics. The final part of the article then puts these Anglo-German dynamics in their wider multilateral context, analysing the decisive European Council meetings in Paris (December 1974) and Dublin (March 1975). It shows how the British failed to gain any significant concessions at this final stage of the renegotiations, instead being confronted by a unified and largely hostile Franco-German axis that had formed as a response to what both countries perceived as British dithering and opportunism. What mattered most during the renegotiations were not the actual terms that were being renegotiated, but the doubts and suspicions over Britain's future international role that they caused among Britain's European partners.

The domestic origins of the renegotiations

When Britain finally joined the EC under the Conservative Prime Minister Edward Heath, it did so under particularly unfavourable circumstances. While the application had been sold to the British public largely on the grounds of potential economic benefits, the entry coincided with the end of two decades of almost unprecedented growth of European economies. The demise of the Bretton Woods system in 1971, coupled with the quadrupling of oil prices after the Yom-Kippur war of 1973, had drastically worsened Western Europe's economic situation, with the double threat of unemployment and inflation looming large. With regards to Britain, the Heath government's economic U-turn in 1972 towards a highly expansionary monetary policy had put the British economy 'on a path of sharply rising public spending, fiscal deficits and money supply', whose long-term effects would haunt Britain for the remainder of the decade.⁷ Domestic crises over industrial relations further dramatized the picture for contemporary observers, with days being lost to strikes amounting to 24 million in 1972 and the country's trade deficit plummeting from +£285 million in 1971 to -£1,184 million in the first

eight months of 1973 alone.⁸ Though these troubles were not primarily caused by the EC, and though it has since been convincingly argued that Britain was not doing as badly as it appeared at the time, a significant part of the British public thought otherwise: when asked in an opinion poll about the main causes of inflation in October 1973, 'Britain joining the EEC' was named by 28 per cent of people, second only to 'the world situation' with 31 per cent.⁹ During the first half of 1973, the number of people supporting British withdrawal had similarly risen from 20 per cent in January to 41 per cent in July.¹⁰

The global economic crisis also eroded the sound base on which the Conservatives had sought to build their political strategy for membership. At the time of the accession negotiations, Heath had thought it imperative to demonstrate British goodwill and 'European vocation' in his high-level encounters with the French President Pompidou and German Chancellor Willy Brandt, paying less attention to the exact terms under which Britain was entering the Community. In particular, Heath accepted that new methods of Community financing, such as the 'own resources' principle, would be negotiated prior to the accession and without British involvement. This was a system clearly disadvantageous to Britain: external tariff revenues, traditionally a significant part of the British budget, would now go directly into the EC's budget; yet, the majority of EC expenses would still go into the agricultural sector, which was comparatively small in Britain. In short, Britain would pay more into the EC than it was likely to get out. At this stage, however, Heath thought that such initially disadvantageous policies to Britain could be adjusted and reworked through regular community mechanisms once Britain had joined.¹¹ He placed particular hopes on the European Regional Fund that had been proposed at the Copenhagen summit in 1972; a fund that was linked to the goal of achieving European and Monetary Union [EMU] by 1980 and which was likely to result in substantial payments to Britain.¹² Yet, since the subsequent economic crises made any early move towards EMU unlikely, the regional fund similarly did not come into fruition as planned. The German government insisted that the fund should not go ahead without simultaneous steps towards EMU, since it would otherwise only amount to inter-state financial transfers which the Germans would have to shoulder disproportionately.¹³ By early 1974, then, Heath's strategy to improve the terms of entry through internal negotiations inside the Community framework was widely seen to have failed: even for the Foreign and Commonwealth Office [FCO], which had always been an enthusiastic advocate of EC membership, it had become painfully clear 'that it is not all plain sailing to "join now and negotiate later"'.¹⁴

For the Labour Party, on the other hand, Heath's ill-fated strategy re-opened strong internal divisions over the very principle of British EC-membership. Though a majority of Labour MPs had been in favour of entry when party leader Harold Wilson had launched Britain's second application as Prime Minister in May 1967, the application's subsequent rejection by the French and Labour's electoral defeat in 1970 had triggered a significant swing against

Europe within the party.¹⁵ A motion calling for unconditional opposition to British entry was only narrowly defeated at the party conference in October 1970; on 25 May 1971, James Callaghan, at the time seen as Wilson's strongest rival for party leadership, effectively declared his own opposition in a well-publicised and highly populist speech.¹⁶ Not only did Europe offer an ideal opportunity to attack one of Heath's key policies, but the question also fed into wider ideological tensions inside the Labour Party, with key proponents and opponents of EC-membership trying to win over a largely agnostic middle-ground in an increasingly polarized environment.¹⁷ In order to prevent a potentially fatal split of the party as well as to secure his own leadership, then, Harold Wilson spoke out against Heath's *terms* of entry in October 1971, proposing to 'renegotiate' them and putting the question of membership to the British people in a nationwide referendum or an election. In so doing, the skilful tactician Wilson managed to appease the party's opponents to EC-membership while, crucially, also avoiding committing himself to withdrawal.¹⁸ Labour's election manifesto in March 1974 correspondingly called for a 'fundamental renegotiation of the terms of entry', spelling out seven objectives: major changes in the Common Agricultural Policy, fairer methods of financing the Community budget, the withdrawal from proposals for EMU, retention of national powers for regional, industrial and fiscal policies, no harmonisation of VAT, and safeguards for the economic interests of the Commonwealth and developing countries.¹⁹ Out of these seven objectives, the most controversial issues were Britain's share of the Community budget and its trade relations with the Commonwealth, which would remain at the centre stage throughout the renegotiations. For the time being, however, the Labour Party's surprising return to power in March 1974 meant that Wilson suddenly had to deliver on his pledges.

As a result, domestic concerns took clear precedence over diplomatic objectives in the government's formulation of European policy from the very outset. For the new Foreign Secretary Callaghan, for example, it seemed 'necessary, if the Government was to survive intact, to test all we did against the manifesto on which we had fought the election'.²⁰ He consequently soon found himself in direct confrontation with his FCO staff, many of whom worried about the long-term effects of the renegotiations on Britain's standing in Europe.²¹ Tensions came to a head in March 1974, when Callaghan prepared for his first appearance at the European Council of Ministers. Having just received a draft speech, he complained to his officials that it was 'too warm' and did not take into account the 'substantial concessions from the Community' he wanted. He claimed to be particularly 'worried about personalities in the FCO: were the FCO zealots for integration? ... [T]he Labour Party, and he himself, were much less European than the FCO'.²² Wilson, professing to have similar fears, immediately moved responsibility for the renegotiations from the FCO to the Cabinet Office's European division, apparently to avoid the possibility that FCO officials would 'use their position to override the interests of other departments'.²³ Instead, he set up two cabinet committees chaired by him

and Callaghan, allowing them to play out the pro- and anti-Europeans against each other while dispassionately presiding over the outcome themselves.²⁴

While it is evident from today's perspective that both Wilson and Callaghan were clearly working towards continued British membership from the outset,²⁵ it is similarly clear that they had little idea how the manifesto demands could actually be achieved. 'At a first reading of the Treaty of Accession', Callaghan bluntly told a group of assembled British Ambassadors from EC countries shortly after the election, he had found it 'difficult to see how we could achieve our objectives on agriculture and the budget without amending it, but this needed further study'. When Sir Michael Palliser, Britain's permanent representative to the European Communities, interjected that any treaty change required unanimous agreement by EC member-states, Callaghan snapped that 'if the French wanted a showdown they would have one. ... He thought de Gaulle had been right in thinking that it was against French interests to let us into the Community'. It was important that his European counterparts 'must not be allowed to think that renegotiation was not a fundamental question'. Though Callaghan's outburst was clearly designed for a domestic audience, it also reveals some deeper unease over European integration that lay behind the façade of the renegotiations. It was important to know 'whether the Community was serious about EMU and European Union', Callaghan confided to his ambassadors, 'if these items could be left out of the account, it might be possible to do a deal on such matters as the CAP and the budget'.²⁶ This tension between the government's public preoccupation with the economic terms of membership and the underlying unease over the political principles behind the European integration process was to become a recurrent feature of the renegotiations.

In light of British confusion, it is of little surprise that the German government was initially uncertain about the seriousness of British demands. On the one hand, most internal assessments feared that the renegotiations could trigger formal treaty changes rendering the EC ineffective for a long time: the resulting changes in the EC's institutional shape or political character, the Germans thought, would be 'too high a price' for continuing British membership.²⁷ On the other hand, however, it was also estimated that Labour's return to government and adjustment to the political realities inside the EC would soon strengthen the more moderate voices inside the party. Thus, the Germans adopted a 'wait-and-see' policy, appearing sympathetic towards reasonable demands while strictly rejecting anything that would go against the principles of the Community.²⁸ As the British Ambassador to Bonn Nicholas Henderson reported back to London, the Germans remained 'convinced that the British interest lies in remaining within the Community, and that, unless irrationality prevails, we are bound to stay in, if not out of any belief in the idea of Europe, at any rate from the hard calculation of where our own national interest lies'.²⁹ In any case, there were more pressing

issues at stake for the German government in early 1974, making British demands seem like an irrelevant sideshow at best.

Franco-German rapprochement and British self-exclusion

On 16 May 1974, Helmut Schmidt was elected German Chancellor after Willy Brandt's resignation as a result of the Guillaume affair. This change was widely welcomed in Britain, since Schmidt's reputation as an 'Atlanticist' with correspondingly little enthusiasm for European integration had only recently been reinforced by a series of public appearances.³⁰ In the autumn of 1973, for example, Schmidt had claimed at the IISS's annual conference in London in a 'frank, abrasive, rambling and highly personal fashion' how Western Europe was 'no political entity' and 'assumed to be stronger than it actually is';³¹ a couple of weeks later, he was described on BBC radio as being cool and half-hearted towards European integration.³² Indeed, the German Embassy in London repeatedly warned against widespread British impressions 'that Minister Schmidt was sceptical or even hostile towards the [European] Community'.³³ While the Embassy had tried to rectify such impressions by organising a series of high-profile interviews and public speeches for Schmidt's visit to London in January 1974, the effects of this campaign were somewhat diminished by his subsequent outburst at the Washington Energy Conference where, clashing heavily with the French Foreign Minister Jobert, he claimed that 'if he had to choose between the US and France, he would choose the former'.³⁴ In the eyes of the FCO, this was evidence that the Germans were now 'more than ever reluctant to do anything which might alienate the US for the sake of a French conception of Europe', and that Schmidt in particular was 'certainly not likely to push the Federal Government in the direction of a more forward Western European policy'.³⁵ Only Henderson warned about such excessive optimism in Whitehall. In his view, Schmidt was 'not likely to see any alternative for the Federal Republic than progress over Europe', though he would be 'less visionary in language and more pragmatic in tactics than his predecessor'.³⁶

In fact, the British were wrong to interpret Schmidt's frequent outbursts as signs of half-heartedness towards European integration. While Schmidt had indeed been a virulent critic of Gaullist conceptions of a 'little Europe' of Six throughout the 1960s, he was at the same time firmly convinced that the interdependence of European economies, as well as the FRG's history and exposed geopolitical situation, simply necessitated to bind the country as closely as possible into multilateral frameworks like the EC. Schmidt was particularly influenced by John F. Kennedy's concept of an 'Atlantic Community', which envisioned a transatlantic alliance resting on equally strong American and European pillars.³⁷ Being attached to visions of a bigger, more outward-looking Europe, he thus believed that de Gaulle's 'egocentric and egoistic rejection of Britain's entry' had 'prevented greater European integration since 1963' by deliberately accepting 'unilateral disruptions in the West' and provoking 'only bitterness and suspicion

amongst other Europeans and in Washington'.³⁸ Such differences over the degree of European autonomy from the American superpower culminated in the diplomatic fallout following Henry Kissinger's ill-fated call for the 'Year of Europe' in the early 1970s.³⁹ In 1974, however, the election of Valéry Giscard d'Estaing as French President triggered a marked change in French European policy. In contrast to his predecessors, Giscard defined his strong commitment to the EC not against partnership with the United States, but connected his support of European integration to a renewed emphasis on Franco-American cooperation, thereby removing many obstacles that had jeopardized the transatlantic relationship in the 1960s.⁴⁰ This matched well with Schmidt's personal attachment to a strong EC firmly embedded within the transatlantic alliance. After his first bilateral meeting with Giscard as President, Schmidt therefore put on the record how Giscard's forthcoming and cooperative attitude had contrasted with earlier Franco-German encounters 'like day and night', being correspondingly keen to play down the likely disruptive impact of the renegotiations.⁴¹ In conversation with Giscard, Schmidt claimed that Wilson only wanted to beat time 'in the hope of an early opportunity to dissolve Parliament ... and then in the end stay in the Market with a comfortable majority';⁴² a week later, he similarly used a confidential tête-à-tête to seduce Wilson with the vision of a tripartite leadership of the EC by France, Germany, and Britain. 'All three countries had an essential voice in Community affairs', he told him confidentially, and 'it was the three Governments concerned who really mattered'.⁴³

In spite of such proclaimed goodwill, however, the renegotiations contrasted unfavourably with the rapid intensification of Franco-German cooperation under Schmidt and Giscard. This was most evident in the field of economic policy, where Wilson seemed unwilling to follow Schmidt's course of fiscal restraint and budgetary consolidation, whereas Giscard quickly embarked upon substantial economic reforms even against significant domestic opposition.⁴⁴ These tendencies did not bypass Schmidt, who asserted in conversation with EC Commission President Ortoli in June 1974 that, while France, Germany, and the Benelux countries all shared 'the same will and the same goals' in their economic policies, he was 'not sure whether that applied to England as well', doubting whether 'Wilson had analysed Britain's long-term interests sufficiently'.⁴⁵ In Schmidt's eyes, the renegotiations only distracted from the real issues at stake. There was a 'fatal tendency of the English to regard their EEC-membership as cause of all their economic ills', he mused in an internal memorandum in May 1974, which would 'not only have negative effects inside the EEC, but will also engage the strength of purpose in economic policies in the wrong directions'.⁴⁶

Such perceptions of British obstructionism extended into the field of institutional reform, where Schmidt and Giscard were eager to translate their European convictions into more concrete initiatives, such as the introduction of direct elections to the European parliament or greater use of Qualified Majority Voting [QMV]. The British, by contrast, felt unable to agree to

any significant institutional reforms without having settled the membership question first, much to the dismay of most other member-states. 'Giscard's strong engagement for European progress, which had been completely evident to me for quite some time, has certainly impressed the other participants', Schmidt put on record after an informal dinner by European heads of government in September 1974, whereas 'England's position was explicitly criticized from all sides. ... Wilson surely has left the impression of a still uncertain English position'.⁴⁷ Indeed, Wilson himself recalled afterwards how 'some of our partners thought that renegotiation was a "bore"', as well as 'the slight feeling that some of them were assuming that Britain would leave the Community' in any case.⁴⁸ This mirrored the FCO's junior minister Roy Hattersley's experiences at the Council of Ministers the week before, who had similarly detected a 'feeling on the part of the others that Britain was not really part of the process under discussion. This was never stated but there was an implicit, if disguised, assumption that Britain would not be there when these developments were realized. There was also the slightest hint that if Britain is going to leave the Community, 'twere better done quickly'.⁴⁹ This wider sense of British exclusion from European developments would become more pronounced once the renegotiations began in earnest in late 1974.

Schmidt's Labour Party conference speech and the non-event of Chequers

During their first months, the renegotiations had made surprisingly swift progress on many non-essential matters, benefitting greatly from close Anglo-German cooperation on lower diplomatic levels. Already in June 1974, the *Auswärtiges Amt* noted how 'the pro-Europeans in Cabinet and in the Whitehall administration' had done a remarkable job in putting the British demands 'as far as possible into a communitarian design'.⁵⁰ In any case, since Wilson was heading a minority government, everybody was expecting him to call an early election before embarking upon more substantial negotiations.⁵¹ Yet, while the October 1974 elections returned Wilson with a majority of three, they did not increase his freedom of manoeuvre significantly. Not only did they further strengthen the left-wing of the party, with nearly half of the newly elected MPs joining the Tribune Group, but they also boosted opposition to EC-membership inside the party, with the vocal opponent Tony Benn coming top in the Labour Party's National Executive Council [NEC] selections in November.⁵² This posed a dilemma for Wilson and Callaghan: since they had made their position completely dependent on the renegotiated terms, they could not counter what they perceived as growing opposition to EC-membership by suddenly advocating a more positive stance. In order to break up this domestic deadlock, Callaghan came up with the idea of inviting Schmidt to address the Labour Party conference in November 1974.⁵³ This allowed the government to have a powerful argument for continuing British membership articulated at the conference without being personally associated with it.

Schmidt's appearance has since acquired almost mythical qualities and does not need to be reconstructed in detail here. By all accounts, it is evident that the German chancellor had the desired impact, with the speech being broadcasted live on nationwide TV and discussed prominently in all major newspapers.⁵⁴ Indeed, Henderson's diplomatic despatch almost reads like a heroic tale, clearly influenced by his own support of continuing British membership.⁵⁵ Schmidt had been 'greeted by hostile posters, boos, angry faces and shaking fists', Henderson recorded, with the chancellor having to address an audience 'that had shown itself before his own eyes to be unruly and responsive to extremism, that only the day before had passed an anti-European resolution and that contained prominent members who had expressed their intention of walking out in the middle of his speech'. Yet, Schmidt transformed the situation almost single-handedly. He refrained from his initial inclination to address the European question 'with all desirable quality',⁵⁶ instead launching into an analysis of the essential need for international cooperation in light of the dangers of a worldwide recession, which he then linked to 'the desire of your German comrades to have you British comrades on our side within the Community'. Though putting himself 'in the position of a man who, in front of ladies and gentlemen from the Salvation Army, tries to convince them of the advantages of drinking', he nonetheless stated his case bluntly, consciously appealing to socialist solidarity.⁵⁷ Afterwards, as Henderson noted, Schmidt's speech was described by one former and one present Labour Cabinet Minister as 'the most brilliant performance that they had ever heard at a Labour Party Conference'; another apparently widely-held view was 'that if any single speech could have made a difference to opinion and events Herr Schmidt's should have done so'.⁵⁸ Even Tony Benn praised Schmidt's 'very witty and amusing speech' in his diaries, though fearing that now 'Healey thinks he will replace Harold Wilson and then it will be the Healey/Schmidt Anglo-German axis against Giscard d'Estaing – a most alarming prospect'.⁵⁹

Yet, such evident success has tended to overshadow the effect that the experience had on Schmidt himself, in particular since his unequivocal support of British membership contrasted unfavourably with Wilson's public ambiguity. In October 1974, he had already put his doubts over Wilson's ultimate intentions to his close friend Alastair Buchan, whom he had known since the 1950s. 'What was wrong with Britain?', he asked, appearing particularly worried about Wilson: 'From discussions with him, he no longer knew whether the PM still wanted Britain in the Community or not. ... He [Schmidt] was an Anglophile and would see Britain leave the Community with real regret, but the French would be happy to see her go; they were convinced that the British were not yet really committed to Europe and should not be allowed to hang up European business until they had properly made up their minds'.⁶⁰ Schmidt simply could not understand why the marginal issues at stake in the renegotiations were portrayed as being so important as to make Britain's continued membership dependent on them. As an internal German document put it, Schmidt believed that all renegotiation demands could be solved easily 'if you know where you are going. At least, [he] cannot believe

that the majority of the Labour Party conference believes that Britain's long-term future depended on EC-payments with regards to agriculture, or the regional and social funds'. As for the budget question, he sarcastically pointed out how Britain's total EC contributions were less than the monthly average of its trade deficit.⁶¹

Thus, the Anglo-German discussions at Chequers following Schmidt's conference speech offered a welcome opportunity to clear up potential misunderstandings, as well as to get a clearer picture of each other's positions. For the Germans, the prime objective was to receive an unequivocal personal commitment from Wilson 'that he would support continuing British membership' after the renegotiations would be concluded.⁶² This was particularly important to Schmidt, who believed that a political lead from the very top would be decisive in swaying the final outcome of the referendum. The outcome of the referendum 'very much depends on the recommendation made by the British government', he told the press in November, 'the actual decision must be made in the bosom of the government and one hopes that the British nation will follow the government and their recommendation'.⁶³ Such demands on Wilson to take up a clear position in support of continuing EC-membership were widely shared by most other member-states, as EC Commissioner Finn Gundelach impressed on the British in October 1974: 'None of the Eight would take the subject seriously until they had heard a firm assurance from the Prime Minister that he wanted Britain to remain in the Community and would work for this'.⁶⁴ Even Henry Kissinger believed that the referendum would 'fail unless the Government backs it [since] the British people are against the Market. So Wilson can certainly make it fail'.⁶⁵

At that stage, British civil servants and senior ministers had also become alarmed by Wilson's evident lack of engagement. The Prime Minister's Office, for example, strongly urged Wilson to 'reassure Schmidt, to the extent he considers possible, about the Government's intention to secure a positive decision on continued membership of the Community if renegotiation is successful'. This would be 'crucial in determining the extent to which Schmidt is prepared to be helpful to us'.⁶⁶ Callaghan, by contrast, had already come a long way from his initial scepticism, thanks largely to his frequent consultations with European counterparts. Over the past couple of months, as the Germans somewhat paternalistically observed, Callaghan's approach had become gradually 'more constructive and communitarian'.⁶⁷ But this was no substitute for the Prime Minister's personal involvement, and Callaghan himself clearly grasped the importance of engaging Wilson more closely. 'You said you would prefer to keep these matters within the negotiating channels where they have been so far', he wrote to Wilson in October 1974, 'but I hold the view that Schmidt and Giscard will wish to play a large personal part and that at a later stage you will have to come in on things'.⁶⁸ Thus, the Chequers discussions offered a welcome opportunity to engage the PM's personal interest in the European question.

According to the recollections of key participants, the discussions at Chequers indeed 'launched Wilson into a much more positive phase of politics toward Europe'.⁶⁹ Roy Jenkins, for example, asserts that Schmidt 'had played a key role in the evolution of Wilson's position' and 'arouse[d] Wilson's interest in the grand league of foreign policy involvement in a way that had not been so since his relationship with Lyndon Johnson in the late 1960s'.⁷⁰ This was certainly the impression Wilson himself wanted to convey. Shortly after Schmidt's departure, he told Callaghan that he was now 'feeling a good deal happier about the possibility of an acceptable outcome to the renegotiation of the terms. ... Since the Federal Chancellor had left, he had been going through the Party Manifesto, and had come to the conclusion that a successful outcome was not all that impossible'.⁷¹ Surprisingly, however, Wilson's epiphany seems to have completely bypassed the Germans. As their record notes, Wilson seemed 'interested in Britain remaining member of the EC, but without strong involvement; uniformed about details'.⁷² These were also Schmidt's personal impressions, who afterwards told Giscard on the phone that Wilson now 'realizes, but doesn't admit, that he had made a bad mistake by calling for "renegotiation" in opposition. At the moment, he prioritizes the manifesto and party unity; Callaghan is, in comparison, markedly pro-European'.⁷³

Partly, of course, such contradictory recollections can be explained by the fact that both sides had entered the meeting with quite different expectations. When Schmidt asked Wilson at Chequers to offer an unequivocal promise that 'the Prime Minister would be able to make it clear to his partners that he and his colleagues would be willing to advise the British people in favour of remaining in the European Community, provided that Britain could get acceptable terms', he was essentially after a reassurance from Wilson 'that basically he himself wanted Britain to stay in the European Community'. Yet, though Wilson responded by claiming that he was 'absolutely prepared to give ... the assurance that the Federal Chancellor had sought on his position in relation to continuing British membership: if the outcome of the renegotiation produced terms of membership which were satisfactory, continuing British membership would be good for Britain and good for Europe, and he would be prepared to put his weight behind acceptance of continuing British membership',⁷⁴ this clearly stepped short of the unambiguous statement Schmidt had been pressing for. Indeed, the German record even notes that Wilson had shown 'no readiness to publicly declare the wish to remain inside the EC before final renegotiation results were known'.⁷⁵ When Wilson subsequently repeated his line in public at the annual banquet of London Majors shortly afterwards, a speech often taken as evidence of the alleged shift in Wilson's position,⁷⁶ his tone struck the Germans as 'demonstratively neutral'.⁷⁷ Indeed, the precise passage from Wilson's speech reads as follows: '[W]e will work wholeheartedly for the success of the European venture if we get the terms for which we have asked and the endorsement of the British people. But if we do not, we believe that our national interest would not be served by accepting a situation which would undermine our economic strength, and our capacity to protect our national as well as our wider international interests'.⁷⁸

This may have seemed like a significant change in Wilson's attitude to attentive British observers, but it was hardly enough to convince the plain-speaking Schmidt of British sincerity.

While Wilson's reluctance to throw himself fully into the renegotiations can again be largely explained by the domestic pressures he was feeling, it may also be seen to illustrate his more general indifference towards the EC. As his personal adviser Bernard Donoughue put it, Wilson 'did not seem to care too much about the policies as policies, and might happily have argued a different position had the manifesto required it'.⁷⁹ Instead, Wilson was a 'Commonwealth man', strongly influenced by his wartime experience at the Board of Trade and with extensive family links to Australia.⁸⁰ Such backgrounds could occasionally spill over into the policy area, in particular with regards to the controversial question of prolonged transitional periods for New Zealand agricultural imports, which Wilson raised at Chequers against official advice from Whitehall and Callaghan.⁸¹ Yet, Wilson told Schmidt how 'the British people did not understand why they could not go on buying New Zealand butter. ... If the British people were to be persuaded to support continued membership of the Community in a referendum, it would help for him to be able to say to them that Britain would be able to go on buying food from abroad when it was cheaper to do so'.⁸² He 'acknowledged that Mr Callaghan was an agnostic on this and Mr Healey an atheist, but he attached great importance to it. New Zealand had supplied butter and cheese for over one hundred years to the UK. He was appalled by the "weevils or rather moles" working away in Brussels trying to undermine this'.⁸³ Yet, the intervention made little impression on Schmidt, who afterwards mused with Giscard on the phone whether Wilson 'realizes that the period of cheap food prices on the world market is over for the time being' and that the EC's agricultural policy was actually keeping British prices down at that stage.⁸⁴

More generally, Wilson's apathy towards the European question also matched the general air of 'lassitude verging on melancholy' surrounding his final years in office.⁸⁵ With his secret plans for retirement well under way, Wilson consciously adopted a 'hands-off' approach for his last term in office, with ministers being largely free to run their own departments.⁸⁶ Shortly after his election, for example, Wilson bluntly told his cabinet how they were "going to do the bloody work while I have an easy time."⁸⁷ It became increasingly evident to insiders that Wilson 'had been slowing up, psychologically and perhaps also physically ... the demonic energy of the 1960s was gone, and he no longer had the desire, or the conceit, to take everything upon himself'.⁸⁸ Henderson, for example, was repeatedly struck by 'how little the Prime Minister seemed to have been following the European story ... Clearly he sees no political advantage in becoming too personally involved'.⁸⁹ Such detachment may also have been influenced by health problems. Donoughue, for example, recalls a meeting of European heads of government where Wilson had been 'very rough on his opponents around the table', before declaring that 'he saw no point in going on'. Though he claimed to be staying away from the next session in

order 'to underline his alleged willingness to pull out of the renegotiations if necessary', the real reason was that he had to see his doctor about a heart problem triggered by an emergency landing the week before.⁹⁰ All of this stood in marked contrast to Wilson's approach in the 1960s, where he had enthusiastically toured European capitals to sound out the possibilities of British membership.⁹¹

Yet, Wilson's lack of effective engagement with his European counterparts also reveals the more fundamental contradictions ingrained in his European policy. Though repeatedly professing that his stance was completely dependent on the renegotiated terms, these terms actually did not matter the slightest in determining his position on the principle of EC-membership: what mattered to him was only that he had *something* to show for the British electorate. At Chequers, these contradictions occasionally crept out into the open, for example when Callaghan asserted that 'what happened in the referendum would depend not so much on the results of the renegotiation as on the atmosphere and situation at the time'. Schmidt was quick to pick up on this remark. He 'had understood the Foreign and Commonwealth Secretary to imply that in many respects psychology mattered more than the detailed "fine print" of negotiation', Schmidt replied. 'If the psychological needs were of that weight', however, then 'the British Government might want to ask themselves whether they were proceeding psychologically prudently in filling in their needs only step by step'.⁹² In effect, this meant that Schmidt had called Wilson's bluff. After all, Wilson had already understood in 1966 that Britain simply had no other 'long-term choice but to enter the EEC', even though he may still have fostered illusions about the concrete terms of membership attainable.⁹³

It is, of course, easy to read too much into largely anecdotal evidence from contemporary observers. From today's perspective, it seems indeed like Wilson's tactical manoeuvring on the European question was part of a deliberate long-term strategy to secure continuing membership. He certainly claimed so afterwards, for example when U.S. President Gerald Ford congratulated him on the positive referendum outcome in July 1975. 'We couldn't have gotten that vote earlier', Wilson boasted, which was why he 'played it cool, acted as though we had to be convinced and only pulled out the stops at the end'.⁹⁴ Nonetheless, it seems that Wilson played his role rather too well. When, in December 1974, U.S. Secretary of State Henry Kissinger suggested to Giscard that the British were conducting the renegotiations 'in order to stay in, not to get out', the French President responded that 'this is Callaghan, not Wilson. Wilson wants a satisfaction he can't get'.⁹⁵ Failing to establish a confidential relationship with either Schmidt or Giscard, Wilson's personal position thus became largely identical with his public stance, at least in the perceptions of his European counterparts.

Such concerns over Wilson's personal stance mattered increasingly once the renegotiations moved towards the highest diplomatic level after November 1974. Though most

demands had been already sorted out through the EC's regular mechanisms, two remaining questions – Britain's contributions to the EC budget and its trade relationship with the Commonwealth – inevitably required the personal involvement of heads of government. Thus, the British believed that Schmidt's personal attitude would be crucial in shaping the final outcome of the renegotiations. Patrick Nairne, at the time second permanent secretary at the Cabinet Office, was outspoken internally that Britain's stock in the EC was 'not high. ... There are those (in Bonn and Paris) who say that, if we are so foolish as to think that Britain's interest lies in withdrawal, the Community should not strive to keep us in'. The British strategy had to be 'to persuade the Germans – at the highest political level and as soon as possible – to meet us in principle on the budget issue. If we can succeed in this, we must encourage them to bring along the French'.⁹⁶ Since the final renegotiations would take place in the newly created European Council, the regular meetings of EC heads of government and state, Wilson's personal diplomacy would be decisive in convincing his European counterparts about British goodwill and sincerity.⁹⁷

Wilson versus the Franco-German axis: the Paris and Dublin Summits, 1974-5

It was no coincidence that the Chequers meeting took place immediately prior to a European summit of heads of government and state in Paris from 9-10 December 1974, proposed by Giscard to make headway on the institutional reforms he had developed with Schmidt over the summer. In particular, Giscard was looking to institutionalise regular meetings of heads of government through the creation of the European Council, the reintroduction of Qualified Majority Voting [QMV] in non-essential matters, as well as direct elections to the European Parliament. Since most of these proposals stood against the grain of traditional French policies, the Germans hoped to use the summit as an opportunity to 'irrevocably codify the significant change in the French position despite British reservations'.⁹⁸ The British, by contrast, were not ready to contemplate any 'decisions in the institutional field which could antagonise opinion in this country'.⁹⁹ As Callaghan explained to Genscher, 'he could not advance one tenth of a millimetre on the subject of institutions until the renegotiations were over and until it was known whether we were going to remain in the Community'.¹⁰⁰ Instead, the British wanted to use the summit to make headway on the renegotiations, which were now nearing their climax.

Apart from the Commonwealth question, the only major issue that still had to be resolved by the end of 1974 was Britain's disproportionate contribution to the EC budget, which all EC member-states except France acknowledged to be a problem in light of Britain's precarious economic situation.¹⁰¹ The British Treasury, for example, had calculated that the British proportion of the budget would rise to 24 per cent by 1980, whereas its share of the EC's GNP would be only 14 per cent.¹⁰² France, however, argued that any formula accommodating

British demands would jeopardize the recently introduced 'own resources' principle under which agricultural levies and tariff revenues of member-states went straight into the EC's budget.¹⁰³ The Germans stood somewhere in between. Though they agreed with France that the principles of Community financing should not be jeopardized, they were also aware of the alleged importance of the budget question in the British domestic debate. This resulted in an interdepartmental conflict at Bonn. Whereas the *Auswärtiges Amt*, concerned primarily with the implications of the renegotiations for German foreign policy, strongly emphasized the need for significant concessions in order to help Wilson out domestically, the *Finanzministerium* questioned the need for any further financial contributions whatsoever, regarding any 'German initiative for good-will formulae to accommodate British demands [as] ... inexpedient'.¹⁰⁴ Finance Minister Hans Apel in particular decided to play hardball, cleverly playing on now widespread perceptions of British opportunism. At a dinner party in July 1974, for example, he exclaimed that 'the British no longer counted; it was worth little or nothing to the Federal Republic to keep the British in the Community and if they made what he considered to be the cardinal error of deciding that they were better off outside the Community then he, Apel, for one was not going to stop them. They could return to their historical position as a small island off the shore of North Eastern [sic!] Europe'.¹⁰⁵ Indeed, Schmidt's personal freedom of manoeuvre on the budget question was also significantly constrained by domestic circumstances at that stage. As a result of the economic crisis, he had already been forced to stall some of Brandt's earlier reforms, much to the dismay of the left-wing of his party, which meant that any substantial financial concession to Britain was unlikely to go down well with both party and the public.¹⁰⁶ In order to justify any additional concessions domestically, Schmidt thus needed an unequivocal British commitment to Europe first. As he told journalists in an off-the-record discussion in October 1974, he found it extremely risky politically to burden the German taxpayer with any additional financial commitment without having anything to show for in return.¹⁰⁷

In the end, the Paris Summit brought significant advances on both the budget question and institutional reform. On the budget, the heads of government instructed Council and Commission to set up 'as soon as possible a correcting mechanism of a general application which, in the framework of the system of "own resources" and in harmony with its normal functioning, based on objective criteria and taking into consideration in particular the suggestions made to this effect by the British Government, could prevent ... the possible development of situations unacceptable for a member-state and incompatible with the smooth working of the Community'.¹⁰⁸ This ensured that the system of 'own resources' would not be changed and that a rebate would be applicable to all member-states, while it also meant that British demands were now on the agenda and could no longer simply be ignored. In the institutional field, it was in turn agreed to re-introduce QMV, to have direct elections to the European Parliament by 1978, and to instruct the Belgian Prime Minister Leo Tindemans to

work on a report towards the future progress towards European Union. Most significantly, the summit also institutionalised regular meetings of the EC's heads of state and government in the form of the European Council.¹⁰⁹ Nonetheless, Schmidt and Giscard afterwards agreed over the phone that the 'methods and course of events had been disappointing'. Again, they were particularly dismissive of Wilson's lacklustre performance, though Schmidt thought that the British PM had at least been 'dragged into the "European game" which makes it very difficult to him to retreat'.¹¹⁰

Whatever Schmidt's and Giscard's misgivings, Wilson was now clearly working towards continued membership on the domestic front, performing 'the subtle art of making it gradually clear to the world, with a series of hints, nudges and nuances, that he had changed his mind about the Common Market'.¹¹¹ Again, Wilson's stance formed anything but a clear and coherent policy. On 5 December 1974, for example, he reported to his cabinet about his meetings with Schmidt and Giscard in a decidedly neutral tone, emphasising how he had 'impressed strongly on Herr Schmidt that we were not concerned only with the budget issue, but attached great importance to each of the seven renegotiation aims set out in the February Election Manifesto'. For the first time, however, he also dropped a hint that 'the logic of the position which he had consistently taken up meant that for his part he would be prepared, if all the Manifesto commitments were satisfactorily met, to recommend to the British people that they should support the terms obtained'.¹¹² In light of continuing divisions over the European question in Cabinet, Wilson also brokered the famous 'agreement to differ' in January 1975, which said that if 'a minority of the Cabinet were unable to agree with the majority decision on what the Government's recommendation should be, the Ministers in the minority should be free to advocate a different view during the referendum campaign'.¹¹³ By the time of the decisive European Council at Dublin in March 1975, Wilson's benevolent intensions had become evident to everybody in Whitehall. As Donoughue recalls, the briefings 'were conducted wholly on the assumption that: 1) the terms already agreed were satisfactory; 2) Wilson and Callaghan would recommend "yes" and 3) a majority of the cabinet would recommend "yes".' When Callaghan teased with the possibility of an inconclusive result, 'Wilson interrupted sharply to state that we must have a positive result and must be prepared to work all day and night to achieve it'.¹¹⁴

In the meantime, Schmidt was also preparing the ground for a deal in Germany. In various speeches during the early months of 1975, he emphasized that it was Germany's responsibility to make financial sacrifices in order to preserve European integration and to keep Britain in Europe, even though such concessions potentially meant curbing social spending even more.¹¹⁵ At a session of the SPD's executive council, he warned the party's left-wing that German support for British membership would inevitably further narrow down financial margins for their proposed reforms in education, youth, health, and social policies.¹¹⁶

Nonetheless, government departments remained hopelessly divided over the issue, with the *Finanzministerium* and the *Auswärtiges Amt* not even being able to agree on a joint brief for Dublin and submitting two separate, contradictory briefs to Schmidt instead.¹¹⁷ Schmidt thus clearly needed further reassurances about Britain's intentions. Therefore, he sent his close confidante Wischnewski to tell the British that 'the Chancellor would want to show great readiness to help the UK over the renegotiation terms: but he should also want to get some further assurance from the Prime Minister, perhaps in restricted session, that he was prepared to throw himself wholeheartedly behind the new terms in submitting the issue to the people in the referendum'.¹¹⁸

Yet, the question remained essentially a chicken-and-egg problem: Wilson would only offer such a pledge if he had received significantly better terms first; Schmidt in turn would only offer better terms after an unequivocal commitment by Wilson. The British were clear that German hopes for such a British commitment at Dublin were illusory. As Henderson told the German side, Wilson and Callaghan could 'only agree to a compromise for themselves. They cannot commit the British Cabinet. It is up for the Cabinet to decide'. If Wilson prejudiced the decision of the Cabinet, there was a danger that as of yet uncommitted members would deny their loyalty to the Prime Minister.¹¹⁹ Immediately prior to the summit, Callaghan declared that Wilson would 'not even give his "private assurance" that he would push through a successful negotiating outcome, as such an assurance would eventually become public and negatively prejudice all hopes for a positive decision in Cabinet, majority of the party, and Parliament'.¹²⁰ This was a message to which Schüler, another member of Schmidt's inner circle, reacted 'immediately and strongly'. 'He wondered what sense summit meetings had if Heads of Government did not have authority to make decisions on behalf of their countries', Schüler told Henderson, 'this struck him and he had no doubt it would strike the Federal Chancellor as an absurdity'.¹²¹ Schmidt even intervened personally to influence the British position. In a letter to his old friend Denis Healey in February 1975, he claimed that, while 'all partners of Great Britain in the Community are willing to contribute to a satisfactory solution', they would also expect 'that in the event of an agreement the British Government will speak up for the continuing membership of Great Britain in the EEC'.¹²²

In light of such continuing uncertainties, Schmidt worked closely with Giscard to transform the renegotiations into a presentable outcome for himself, with his own domestic preoccupations increasingly taking centre stage. At a Franco-German plenary session in February 1975, Giscard and Schmidt agreed with the assembled ministers to set up a secret Franco-German expert group, comprised of one official each from the respective Foreign and Finance Ministries, in order to work out a joint position for Dublin. If anything leaked, the group's objective should be described as 'merely a comparison of financial tables'. While they agreed to support the Commission's compromise formula that had been produced following

the Paris summit in principle, they nonetheless wanted to minimize their own financial contributions significantly, trying to couple the corrective formula to VAT and limiting its application to seven years.¹²³ For Schmidt, the prime objective by now had become to ensure that the renewed Franco-German axis would survive the final hurdle of the renegotiations. At the final ministerial meeting prior to Dublin, he told his Foreign Minister Hans-Dietrich Genscher and Finance Minister Apel that it was 'not sure whether one could bring Great Britain to positive behaviour. This makes it all the more important that there would be no rift in our relationship with France too, which is why we have to clear our behaviour with France at every stage'. Schmidt then ruled that the total financial impact of German contributions should be cut at 250 million European Units of Account [EUA] first; if necessary, it could be upgraded to 275 million EUAs. The final German fall-back position would be 300 million EUAs, significantly less than the Commission's formula which the Germans had estimated to cost them at least 420 million EUAs.¹²⁴ Immediately prior to the summit, Schmidt then cleared these numbers with Giscard over the phone.¹²⁵ He also phoned Wilson to warn him that 'the size of the refund is the thing which matters more than other things. And we are figuring a size of not more than one quarter billion units of account which means 250 million units of account'. He professed to have had 'great difficulties within my own Cabinet ... – 250 million units of account and I am pretty sure that Valéry Giscard will buy that order of magnitude'.¹²⁶

As a result, it is no surprise that the European Council at Dublin on 10-11 March 1975 quickly became dead-locked in essentially insignificant posturing for Wilson's and Schmidt's respective audiences at home. Schmidt started off by brusquely asserting that 'the order of magnitude of the refund was too big for him'. Germany 'could not finance all the costly inventions of the Commission at a time when their GNP was stagnating', since these costs significantly 'affected the implementation of Germany's domestic policies'. After all, 'he was facing elections in Germany also' and had 'no intention of losing his Minister of Finance'. Giscard predictably came to help, finding Schmidt's proposal 'for a certain limit for transfers to be very positive'.¹²⁷ Throughout the discussions, Schmidt would not budge. In his handwritten notes, he scribbled down and underlined repeatedly that this was not a question for Brussels technocrats but about German taxpayers' money.¹²⁸ Wilson, by contrast, now seemed to have lost all interest in the budget question. When Michael Butler, the FCO's senior official present at Dublin, claimed that the Germans had proposed 'conditions for the corrective mechanism which, they hoped and believed, were unlikely to be fulfilled', Wilson was simply 'not interested' and went 'back into the meeting and accepted the German draft' before once again trying to shift focus on the Commonwealth question.¹²⁹ As a result, the final corrective formula was capped at a ceiling of 250 EUAs, the Franco-German starting position.¹³⁰ Wilson did gain better access to EC markets for New Zealand butter until 1980, but not for lamb; the question of cheese imports after 1977 was left open. For Schmidt, as he later told the SPD's executive, the

most important outcome was that the mutually acceptable compromise had been reached 'without putting our relationship with France under strain'.¹³¹

Conclusions

On 5 June 1975, a total of 17,378,581 Britons voted that Britain should remain member of the European Community, against a 'no' vote of only 8,470,073. This huge majority of 67.2 per cent, as Wilson was keen to point out in his memoirs, was bigger 'than has been received by any Government in any general election'.¹³² Not only did it allow Wilson to claim that the full-hearted consent of the British people to British membership had now finally been obtained, but it also weakened the left-wing of his party, allowing him to move Tony Benn from the Department of Industry to Energy.¹³³ Viewed from such a domestic perspective, Wilson's successes were indeed remarkable, and his biographer offers suitable eulogia: Wilson 'brilliantly succeeded where Ramsay MacDonald had failed, and created a national consensus in favour of his Cabinet's policy, overrode the declared wishes of the Labour Party and many of his own ministers, yet avoided either a government collapse or an irreconcilable split within the Movement ... and did so in such a way that it was impossible for anybody except die-hard antis to argue that he had acted unfairly'.¹³⁴ Yet, even though these assessments have since been largely mirrored in the emerging historiography, many of Wilson's alleged achievements turned out to be pyrrhic victories in the long term. The renegotiated terms soon turned out to be largely cosmetic, with the allegedly hard-fought budget deal in particular not producing 'any benefit whatsoever to the United Kingdom', thanks to the many conditions attached to it by the French and Germans.¹³⁵ Neither did Wilson really obtain the 'full-hearted consent' of the British people, as he professed to have done: by deliberately focusing the domestic debate on the *terms* of membership, he consciously side-lined bigger issues of sovereignty and Britain's post-imperial role, thereby leaving himself open to subsequent accusations of somehow having tricked the British public into membership.¹³⁶ Even with regards to the Labour Party, the renegotiation episode only calmed down tensions temporarily – before long, it was again hopelessly divided over the European question, which heavily contributed to its eventual split of 1981.¹³⁷

The more lasting impact of the renegotiations lies in the fact that they drastically undermined Britain's standing inside the EC. They strongly reinforced doubts over British reliability and the country's future role in Europe at a crucial historical juncture, establishing an 'awkward partner' narrative that has since become ingrained in Continental perceptions of Britain's European policy.¹³⁸ In so doing, they contributed to the re-emergence of the Franco-German axis under Schmidt and Giscard, leading to a British self-marginalization in Europe that has similarly been of more lasting nature. With the Gaullist challenge finally overcome and a largely benevolent U.S. administration under President Ford, the British renegotiations were

one of the few noisy disturbances in a period that was otherwise marked by a degree of 'striking transatlantic cooperation' contrasting starkly with the more troubled periods before and afterwards.¹³⁹ At a time of renewed U.S.-European cooperation and harmony, Britain now suddenly seemed like the odd one out in the Western alliance. Throughout Schmidt's chancellorship, Anglo-German tensions over Europe would remain a recurrent theme, such as over British non-participation in the European Monetary System in 1978 or Thatcher's reopening of the budget debate in 1979-83. Indeed, Schmidt recently declared on German television that Wilson and Thatcher were 'the two people that convinced me that I had been wrong in the 1960s when I thought we had to admit the English in any case, even against de Gaulle's will. Subsequently, I have come to agree with de Gaulle'.¹⁴⁰

In asking what triggered these developments, the article has focused in particular on the high-level encounters of Schmidt and Wilson, and the way in which the British PM's prioritization of domestic and party-political considerations often resulted in an unclear and contradictory European policy. It may well be the case that Wilson's opportunistic stance in fact constituted the only possibility to keep Britain in Europe; yet, it was also a stance that went directly against Schmidt's own domestic needs, dashing German hopes for a positive and constructive British voice in European politics after the country's belated accession. In this regard, Schmidt's gradual erosion of trust in Wilson's personal leadership and ultimate intentions contrasted unfavourably with the developing relationship between Schmidt and Giscard, whose close and confidential cooperation relied to a large extent on personal diplomacy and often circumvented official channels of communication.¹⁴¹ True, a different British approach would probably not have resulted in a different outcome of the renegotiations; but it may well have avoided the profound sense of distrust and suspicion the exercise created amongst other EC member-states. Had Wilson performed the game of high-level diplomacy with Schmidt and Giscard more effectively, the renegotiations could perhaps have been brushed aside as what Wilson intended them to be from the very outset: tiresome but necessary shadow-boxing to ensure Britain's long-term membership of the EC. Yet, Wilson disguised his ultimate intentions all too well: preoccupied with his domestic situation, he remained an ungraspable enigma for Schmidt and Giscard throughout his time in office. Ultimately, this was a failure of communication on the highest level; but it is a failure that has since become a recurrent feature in Britain's relationship with Europe.

¹ The European Communities [EC] included the European Economic Community [EEC], the European Coal and Steel Community [ECSC], and Euratom. Since 'EC' and 'EEC' were often used interchangeably at the time, direct quotations have not been changed.

² D. Reynolds, *Britannia Overruled: British Policy and World Power in the Twentieth Century*, 2nd Edition (Harlow, 2000), 224.

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- ³ The most extensive account is S. Wall, *The Official History of Britain and the European Community, Volume II: From Rejection to Referendum, 1963-1975* (London, 2013), 511-90. See also B. Pimlott, *Harold Wilson* (London, 1993), 648-68; A. Morgan, *Harold Wilson* (London, 1992), 469; B. Donoghue, 'Harold Wilson and the renegotiation of the EEC terms of membership, 1974-75: a witness account', in B. Brivati and H. Jones (eds.), *From Reconstruction to Integration: Britain and Europe since 1945* (Leicester, 1993), 191-206.
- ⁴ Wall, *Rejection to Referendum*, 2.
- ⁵ M. Pine, *Harold Wilson and Europe: Pursuing Britain's Membership of the European Community* (London, 2007); H. Parr, *Britain's Policy Towards the European Community: Harold Wilson and Britain's world role, 1964-1967* (London, 2006); O. Daddow (ed.), *Harold Wilson and European Integration: Britain's Second Application to Join the EEC* (London, 2003).
- ⁶ Donoghue, 'Renegotiation', 195; R. Jenkins, *Life A Life at the Center: Memoirs of a Radical Reformer* (New York, 1991), 377-8.
- ⁷ J. Tomlinson, 'Economic Policy', in A. Seldon and K. Hickson (eds.), *New Labour, Old Labour: The Wilson and Callaghan Governments, 1974-79* (London, 2004), 55.
- ⁸ [P]olitiches [A]rchiv des [A]uswärtigen [A]mts (Berlin), Zwischenarchiv, 101399, Länderaufzeichnung Großbritannien, 28 March 1973; [B]undesarchiv, Bundeskanzleramt 136/12550, Wirtschaftspolitische Lage in Großbritannien, 28 September 1973.
- ⁹ J.E. Alt, *The politics of economic decline: Economic management and political behaviour in Britain since 1964* (Cambridge, 1979), 162.
- ¹⁰ PAAA, Zwischenarchiv, 101400, London to AA, 13 July 1973. For recent historical reassessments of Britain's comparative economic performance in the 1970s, see Tomlinson, 'Economic Policy', as a starting point.
- ¹¹ Wall, *Rejection to Referendum*, 332-456; C. Lord, *British Entry to the European Community Under The Heath Government of 1970-4* (Aldershot, 1993), 147-75. For recent criticism of Heath's narrative, D.E. Furby, 'The Revival and Success of Britain's Second Application for Membership of the European Community, 1968-71', (Ph.D. dissertation, Queen Mary University of London, 2010), 232-88; 290-1.
- ¹² PAAA, Zwischenarchiv, 101398, London to AA, 19 October 1973.
- ¹³ Lord, *British Entry*, 164-5.
- ¹⁴ [T]he [N]ational [A]rchives, [P]ublic [R]ecord [O]ffice (Kew), FCO30/2456, Year I in the European communities, 25 January 1974.
- ¹⁵ For the application in the 1960s, see Parr, *Britain's policy*, as well as Daddow, *Britain's Second Application*.
- ¹⁶ For Callaghan's views on Europe in opposition, P.J. Dewey, *Callaghan's Journey to Downing Street* (Basingstoke, 2010), 156-90.
- ¹⁷ C. Cotton, 'The Labour Party and European Integration, 1961-1983' (Ph.D. dissertation, University of Cambridge, 2010).
- ¹⁸ D. Butler and U. Kitzinger, *The 1975 Referendum* (Basingstoke, 1976), 25-6.
- ¹⁹ Labour Party, 'Let Us Work Together – Labour's Way Out of the Crisis', February 1974.
- ²⁰ J. Callaghan, *Time and Chance* (London, 1987), 305.
- ²¹ TNA:PRO/FCO33/2459, Killick to Wright, 13 March 1974.
- ²² TNA:PRO/FCO33/2456, Telephone Conversation PUS-Wright, 5 March 1974.
- ²³ H. Wilson, *Final Term: The Labour Government 1974-1976* (London, 1979), 54.
- ²⁴ A. Collins, 'The Cabinet Office, Tony Benn and the Renegotiation of Britain's Terms of Entry into the European Community, 1974-1975', *Contemporary British History* 24/4 (2010), 476.
- ²⁵ Wall, *Rejection to Referendum*, 512.
- ²⁶ TNA:PRO/PRO/16/72, Meeting of Ambassadors to EEC Countries, 20 March 1974.
- ²⁷ B136/17103, Entwicklung der Europäischen Gemeinschaften, 19 March 1974.
- ²⁸ H.P. Schwarz (ed.), *[A]kten zur [A]uswärtigen [P]olitik der Bundesrepublik [D]eutschland 1974* (München, 2005), Doc. 133, 25 April 1974.
- ²⁹ TNA:PRO/PRO/16/73, Bonn to FCO, 27 May 1974.
- ³⁰ TNA:PRO/PRO/15/1573, Note: Herr Schmidt, 21 September 1973.
- ³¹ TNA:PRO/PRO/15/1573, Speech by German Minister of Finance, 19 September 1973.

- ³² [P]rivates [H]elmut-[S]chmidt-[A]rchiv (Hamburg), [E]igene [A]rbeiten, 1.12.73-31.1.74, Transcript: BBC-2, Midweek, 29 January 1974.
- ³³ B102/264598, London to AA, 30 January 1974.
- ³⁴ TNA:PRO/FCO33/2459, Diplomatic Report: Germany, Europe, and the United States, 27 February 1974.
- ³⁵ Ibid.
- ³⁶ TNA:PRO/FCO33/2456, Bonn to FCO, 7 May 1974.
- ³⁷ H. Schmidt, *Strategie des Gleichgewichts: Deutsche Friedenspolitik und die Weltmächte* (Stuttgart, 1969), 195.
- ³⁸ Ibid, 196, 143.
- ³⁹ D. Möckli, *European foreign policy during the Cold War: Heath, Brandt, Pompidou and the dream of political unity* (London, 2009).
- ⁴⁰ A.E. Gfeller, *Building a European Identity : France, the United States, and the Oil Shock, 1973-74* (Oxford, 2012), 199; M. Weinachter, *Valéry Giscard d'Estaing et l'Allemagne – Le double rêve inachevé* (Paris, 2004), 48-53. For the 'Giscard effect' in transatlantic relations, see N.P. Ludlow, 'The Real Years of Europe? U.S.-West European Relations during the Ford Administration', *Journal of Cold War Studies* 15/3 (Summer 2013), 145-47.
- ⁴¹ AAPD 1974, Doc. 157, 4 June 1974.
- ⁴² Ibid.
- ⁴³ TNA:PRO/PREM16/99, Conversation between PM and Schmidt: Supplementary Record, 19 June 1974.
- ⁴⁴ M. Waechter, *Helmut Schmidt und Valéry Giscard d'Estaing: Auf der Suche nach Stabilität in der Krise der 70er Jahre* (Bremen, 2011), 61-3.
- ⁴⁵ AAPD 1974, Doc. 162, 11 June 1974.
- ⁴⁶ HS FES, 10072, Memorandum, 7 May 1974.
- ⁴⁷ AAPD 1974, Doc. 268, 16 September 1974.
- ⁴⁸ TNA:PRO/PREM16/78, Heads of Government Dinner, 16 September 1974.
- ⁴⁹ TNA:PRO/PREM16/75, Hattersley to FCO, 17 September 1974.
- ⁵⁰ PAAA, Zwischenarchiv, 101398, London to Bonn, 12 June 1974.
- ⁵¹ See not least Schmidt's own predictions, for example HS FES, 6639, Gespräch BK mit amerikanischem Botschafter, 6 June 1974.
- ⁵² Pimlott, *Wilson*, 636; Donoughue, 'Renegotiations', 195.
- ⁵³ TNA:PRO/PREM16/100, Callaghan to FCO and No10, 16 October 1974.
- ⁵⁴ For an analysis of Schmidt's speech and full transcript, see T. Birkner, *Comrades for Europe? Die "Europarede" Helmut Schmidts 1974* (Bremen, 2005), 88-123. For recollections, see Wilson, *Final Term*, 88; Callaghan, *Time*, 311-2; D. Healey, *The Time of My Life* (London, 1989), 454.
- ⁵⁵ For ample evidence of Henderson's European commitments and retrospective views on the renegotiation episode, Churchill College (Cambridge), [B]ritish [D]iplomatic [O]ral [H]istory [P]roject, Sir Nicholas Henderson, 24 September 1998, 12-13.
- ⁵⁶ HS FES, 6642, London to AA, 18 November 1974.
- ⁵⁷ Labour Party, *Report of the Seventythird Annual Conference, London 1974* (London, 1974), 315-8.
- ⁵⁸ TNA:PRO/PREM16/101, Henderson to Wright, 4 December 1974.
- ⁵⁹ T. Benn, *Against the Tide: Diaries 1973-76* (London, 1989), 277.
- ⁶⁰ TNA:PRO/FCO33/2460, Professor Buchan's Conversation with Helmut Schmidt, 30 October 1974.
- ⁶¹ HS FES, 6642, BPA an Ref IV, 21 November 1974.
- ⁶² HS FES, 6642, Britische Wünsche zur Verminderung der Haushaltsbelastung, 27 November 1974.
- ⁶³ TNA:PRO/PREM16/76, Bonn to FCO, 16 November 1974.
- ⁶⁴ TNA:PRO/PREM16/75, Record of Conversation between Minister of State and Commissioner Gundelach, 28 October 1974.
- ⁶⁵ [G]erald [R]. [F]ord [L]ibrary (Ann Arbor, MI), [N]ational [S]ecurity [A]dviser: [Mem]oranda of [Con]versations, 1973-1977: Box 8, Ford, Giscard, Kissinger, 16 December 1974.
- ⁶⁶ TNA:PRO/PREM16/100, UK Objectives, 28 November 1974.
- ⁶⁷ PAAA, Zwischenarchiv, 110333, Politischer Jahresbericht Großbritannien, 30 January 1975.
- ⁶⁸ TNA:PRO/PREM16/85, Callaghan to Wilson, 14 October 1974.
- ⁶⁹ Donoughue, 'Renegotiation', 195.

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- ⁷⁰ Jenkins, *Life*, 377-8. See also Wilson, *Final Term*, 88; Callaghan, *Time*, 312-3.
- ⁷¹ TNA:PRO/PRO/16/101, Conversation Callaghan-Wilson, 1 December 1974.
- ⁷² HS FES, 6642, Vermerk Gespräch Bundeskanzler/Wilson, 2 December 1974. Emphasis in original.
- ⁷³ HS FES, 6586, Telefongespräch Bundeskanzler/Giscard d'Estaing, 3 December 1974.
- ⁷⁴ TNA:PRO/PRO/16/77, Record of conversations at Chequers, 30 November 1974.
- ⁷⁵ HS FES, 6642, Vermerk Gespräch Bundeskanzler/Wilson, 2 December 1974.
- ⁷⁶ Not least by Wilson himself, Wilson, *Final Term*, 91.
- ⁷⁷ B136/6239, London to AA, 7 January 1975.
- ⁷⁸ Quoted in Wilson, *Final Term*, 91.
- ⁷⁹ Donoughue, 'Renegotiations', 194.
- ⁸⁰ For Wilson's attachment to the Commonwealth, see Pimlott, *Wilson*, 18-20; 433-4.
- ⁸¹ Wall, *Rejection to Referendum*, 563, 569-70.
- ⁸² TNA:PRO/PRO/16/77, Record of conversations at Chequers, 30 November 1974.
- ⁸³ TNA:PRO/PRO/16/101, Henderson to Wright, 4 December 1974.
- ⁸⁴ HS FES, 6586, Telefongespräch Bundeskanzler/Giscard d'Estaing, 3 December 1974.
- ⁸⁵ P. Hennessy, *The Prime Minister: The Office and Its Holders Since 1945* (London, 2000), 370.
- ⁸⁶ B. Donoughue, *Prime Minister: The Conduct of Policy under Harold Wilson and James Callaghan* (London, 1987), 48.
- ⁸⁷ Quoted in Pimlott, *Wilson*, 617.
- ⁸⁸ Ibid, 617.
- ⁸⁹ N. Henderson, *Mandarin: The Diaries of an Ambassador, 1969-1982* (London, 1994), 79, 69.
- ⁹⁰ Donoughue, 'Renegotiation', 196. This refers to the Paris summit in December 1974, discussed below.
- ⁹¹ Parr, *Britain's Policy*, 101-24.
- ⁹² TNA:PRO/PRO/16/77, Record of conversations at Chequers, 30 November 1974.
- ⁹³ Parr, *Wilson*, 194, 202.
- ⁹⁴ GRFL, NSA: MemCons, Box 14, Memorandum of Conversation Wilson-Ford at Helsinki, 30 July 1975.
- ⁹⁵ GRFL, NSA: MemCons, Box 8, Memorandum of Conversation Ford, Giscard, Kissinger, 16 December 1974.
- ⁹⁶ TNA:PRO/PRO/16/74, Renegotiation: Current Prospects, 13 August 1974.
- ⁹⁷ E. Murlon-Druol, 'Filling the EEC leadership vacuum? The creation of the European Council in 1974', *Cold War History* 10/3, 315-339.
- ⁹⁸ PAAA, Zwischenarchiv, 108867, Institutionelle Fragen, 22 November 1974.
- ⁹⁹ TNA:PRO/PRO/16/100, UK Objectives, 28 November 1974.
- ¹⁰⁰ TNA:PRO/PRO/16/76, Conversation between Callaghan and Genscher, 10 November 1974.
- ¹⁰¹ For more detail, see Wall, *Rejection to Referendum*, in particular 561-3, 571-77.
- ¹⁰² PAAA, Zwischenarchiv, 108867, Vorbereitung einer Präsidentschaftskonferenz in Paris, 31 October 1974.
- ¹⁰³ TNA:PRO/PRO/16/84, Record of Conversation between PM and Giscard d'Estaing, 3 December 1974.
- ¹⁰⁴ HS FES, 6642, Apel to Schmidt, 28 November 1974.
- ¹⁰⁵ TNA:PRO/FCO33/2469, Brussels to FCO, 24 July 1974.
- ¹⁰⁶ W. Abelshauser, *Deutsche Wirtschaftsgeschichte seit 1945* (München, 2004), 437-8.
- ¹⁰⁷ PHSA, EA, 4.10.-7.11.1974, BPA, Hintergrundgespräch (off the record) am Mittwoch, 9. Oktober 1974 19:00 Uhr im Presseclub.
- ¹⁰⁸ L. Radoux, 'Report drawn up on behalf of the Political Affairs Committee on the results of the Conference of Heads of Government held in Paris on 9 and 10 December 1974', Working Documents 1974-1975, Document 436/74, 13 January 1975. [EU European Parliament Document].
- ¹⁰⁹ Britain supported all of these decisions, though it reserved its position on directed elections until after the referendum.
- ¹¹⁰ HS FES, 6586, Telefongespräch BK mit Giscard, 18 December 1974.
- ¹¹¹ Pimlott, *Wilson*, 655.
- ¹¹² TNA:PRO/CAB128/55/25, Conclusions CC (74), 5 December 1974.
- ¹¹³ Ibid.; TNA:PRO/CAB128/56, Conclusions CC (75), 21 January 1975.
- ¹¹⁴ Donoughue, 'Renegotiation', 197-8.

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- ¹¹⁶ PHSA, EA, Band 81, Bericht von Bundeskanzler Schmidt in der gemeinsamen Sitzung von Parteiorstand, Parteirat und Kontrollkommission [unkorrigierte Bandabschrift], 16 February 1975.
- ¹¹⁷ B136/7917, Unannehmbare Situation und Korrekturmechanismus, 7 March 1975.
- ¹¹⁸ TNA:PRO/PREM16/397, Bonn to FCO, 20 February 1975.
- ¹¹⁹ HS FES, 6648, Britische Mitgliedschaft in der EG, 7 March 1975.
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- ¹²¹ TNA:PRO/PREM16/409, Bonn to FCO, 6 March 1975.
- ¹²² TNA:PRO/PREM16/397, Schmidt to Healey, 7 February 1975.
- ¹²³ PAAA, Zwischenarchiv, 111198, Deutsch-Französische Außenministerkonsultationen, 4 February 1975.
- ¹²⁴ HS FES, 6648, Ministergespräch vom 3.3.1975, 5 March 1975.
- ¹²⁵ B136/7917, Tagung der Regierungschefs und Außenminister in Dublin, 8 March 1975.
- ¹²⁶ TNA:PRO/PREM16/397, Record of a telephone Conversation between PM and FRG Chancellor, 9 March 1975.
- ¹²⁷ TNA:PRO/PREM16/397, Record of EEC Heads of Government meeting, 10 March 1975.
- ¹²⁸ PHSA, EA, Band 81, Dublin – handwritten notes, undated.
- ¹²⁹ Wall, *Rejection to Referendum*, 576-77.
- ¹³⁰ European Council, Summary of decisions and conclusions, 14 March 1975, http://www.european-council.europa.eu/media/854739/1975_march_dublin_eng.pdf [accessed on 19 April 2014].
- ¹³¹ B136/7916, Kopie: SPD-Vorstandsitzung, 14 March 1975. Emphasis in original.
- ¹³² Wilson, *Final Term*, 108. For more detail on the result of the referendum, see Butler and Kitzinger, *Referendum*, 263-78.
- ¹³³ For Wilson's handling of Benn during the renegotiations, see in particular Collins, 'Renegotiation', 471-91.
- ¹³⁴ Pimlott, *Wilson*, 654, 660.
- ¹³⁵ Wall, *Rejection to Referendum*, 577.
- ¹³⁶ Though this point is still hotly debated even by key participants of the respective campaigns. See the transcript of a 'witness seminar' on 5 June 1995: R. Broad and T. Geiger, 'The 1975 British Referendum on Europe', *Contemporary British History* 10/3, esp. 93, 96, 98-100.
- ¹³⁷ Mullen, *Great Debate*, 131-50.
- ¹³⁸ S. George, *An Awkward Partner: Britain in the European Community*, 3rd Edition (Oxford, 1998).
- ¹³⁹ Ludlow, 'Real Years of Europe', 136.
- ¹⁴⁰ Erstes Deutsches Fernsehen [ARD], *Menschen bei Maischberger: Helmut Schmidt*, 7 August 2012, 22:45h.
- ¹⁴¹ Waechter, *Schmidt and Giscard*.