

**Title:** Anglo-American relations and the EC enlargement, 1969-1974

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I, Justin Adam Brummer confirm that the work presented in this thesis is my own. Where information has been derived from other sources, I confirm that this has been indicated in the thesis.

## **Abstract**

This thesis examines the ramifications of Britain's negotiations to join the European Community (EC) on Anglo-American relations, 1969-1974. It adds to the historical debate by showing that strong Anglo-American political, economic, and defence relations continued under Heath and Nixon. The prevailing view in this area is that the British Prime Minister Heath sought to re-orientate foreign policy away from the 'special' Anglo-American relationship towards the EC. Moreover, it is believed that the Nixon presidency developed a sceptical view of an enlarged, competitive EC. Thus, the Heath-Nixon period is viewed as a low point in the post-1945 alliance because of the EC enlargement. However, while gaining entry into the EC was the top priority for the UK government, Heath and Whitehall sought to preserve close Anglo-American cooperation. Moreover, Nixon considered Western European integration and Anglo-American relations to be important components of the Atlantic Alliance and his Cold War strategy. Tensions did grow: over the substance of China and Middle Eastern policy, the unilateral dismantling of the Bretton Woods system, and the 'Year of Europe'. But these episodes also showed the strength of the Anglo-American partnership. In the economic sphere the EC enlargement negotiations planted the UK into the middle of US-EC trade conflict over unfair trading practices. Furthermore, the UK's entry into the EC altered the status of sterling, resulting in a delicate change to Anglo-American economic relations. Yet close cooperation continued in trade and monetary affairs, independent from the enlarged EC. In the field of defence policy, Anglo-American 'special' relations actually strengthened under Heath and Nixon with the Polaris missile system upgrade and the continuation of sharing military facilities and intelligence. The 1970s witnessed a subtle policy-making process and adjustment in diplomatic relations, less coherent and straightforward than previously presented. Using recently released government documents, this thesis contributes to developing our understanding of 1970s Anglo-American relations and European integration.

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**Dedication**

Alex and Tricia Brummer

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## Abbreviations

ABM	Anti Ballistic Missile Defences
ACP	Asian, Caribbean, and Pacific States
CAB	Cabinet Office
CAP	Common Agricultural Policy
CDL	Chancellor of the Duchy of Lancaster
CEA	Council of Economic Advisers
CIA	Central Intelligence Agency
CPRS	Central Policy Review Staff
CSA	Commonwealth Sugar Agreement
CSCE	Conference on Security and Cooperation in Europe
DEFE	Ministry of Defence File
DOD	Department of Defense (US)
DOP	Defence and Overseas Policy Committee
DTI	Department of Trade and Industry (UK)
EC/EEC	European Community / European Economic Community
EFTA	European Free Trade Association
EMU	Economic and Monetary Union
FBI	Federal Bureau of Investigations
FCO	Foreign and Commonwealth Office
FRG	Federal Republic of Germany
FRUS	Foreign Relations of the United States
GATT	General Agreement on Tariffs and Trade
GDR	German Democratic Republic
HAK	Henry Kissinger
IRQ	Important Question Resolution
LDC	Less Developed Country
MOD	Ministry of Defence (UK)
MIRV	Multiple Independently-targeted Re-Entry Vehicle
MBFR	Mutual Balanced Force Reduction
NATO	North Atlantic Treaty Organisation
NAUK	National Archives, Kew, London, UK (formerly PRO)
NARA I	National Archives Building, Washington D.C., USA
NARA II	National Archives at College Park, Maryland, USA
NPL	Richard Nixon Presidential Library and Museum, Yorba Linda, California
NPM	Nixon Presidential Materials
NSA	National Security Adviser
NSC	National Security Council
NSDM	National Security Decision Memorandum
NSSM	National Security Study Memorandum
NTB	Non-Tariff Barrier
ND	No Date
OMB	Office of Budget and Management
PPS	Principal Private Secretary
PRC	People's Republic of China
PREM	Prime Minister's Office
PRO	Public Records Office, Kew, London, UK
RG	Record Group
RN	Richard Nixon
SALT	Strategic Arms Limitation Talks
SDR	Special Drawing Rights

SRG	Senior Review Group
Telecon	Telephone Conversation
UK	United Kingdom
US	United States
USSR	Union of Soviet Socialist Republics
USDA	United States Department of Agriculture
WHCF	White House Central Files
WHSF	White House Special Files
WHT	White House Tapes

## Introduction

Prime Minister Edward Heath, hoping to increase the importance of Western European cooperation in British foreign policy, opened up membership negotiations with the European Community (EC) in July 1970, but this potentially challenged Britain's post-war relations with the US and the Commonwealth. While the US supported an integrated Western Europe with British participation since 1947 and the Marshall Plan, Britain decided not to join in the early European integration projects of the 1950s, as a greater priority was placed on maintaining a global strategy. However, the 1960s saw a gradual shift in British foreign policy towards European integration with two unsuccessful applications to join the European Economic Community (EEC).<sup>1</sup> A third opportunity arose in December 1969 following the EC conference at The Hague, where the member countries declared their support for the enlargement and strengthening of the integration project. This led to Heath reviving the second application, taking Britain into the EC on 1 January 1973. While the UK focussed on joining the EC, the US President Richard Nixon, entering office in January 1969, sought to improve relations with the Soviet Union, normalise relations with China, and end the Vietnam War, therefore devoting less time to the Anglo-American alliance and the EC. This raises an immediate question: what impact did the EC enlargement negotiations and UK membership of the EC have on Anglo-American relations during the Heath-Nixon period? It is this problem which is the starting point of this study.

This thesis adds to the historical debate on Anglo-American relations and European integration in two central ways. Firstly, it shows the continuing importance of the Anglo-American political, economic, and defence alliance under Heath and Nixon, independently from the EC context. Britain's application to join the EC, and subsequent membership, created new dimensions to the Anglo-American relationship, which adjusted through a more subtle way than previously presented. Although an alteration took place, particularly apparent in the economic field, it did not mark a fundamental re-orientation of Anglo-American relations, nor US and UK foreign policy. The partnership remained one of the Heath government's top priorities despite the strong desire to join the EC, while the Nixon administration considered both Anglo-American relations and the EC as important for the Atlantic Alliance and their Cold War strategy. The financial, monetary, and trade connections between London and New York remained, as did major nuclear and political cooperation. Therefore the UK operated in between

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<sup>1</sup> The European Economic Community (EEC) or 'Common Market', created by the Treaties of Rome (25 March 1957), included Belgium, France, Italy, Luxembourg, the Netherlands, and West Germany. The term European Community (EC) entered into use from July 1967 when the three existing communities merged - the EEC, the European Coal and Steel Community (ECSC), and the European Atomic Energy Community (EURATOM). The term EC will be used throughout this study. Britain made its first application to join the EC under Prime Minister Harold Macmillan in 1961 and its second application under Prime Minister Harold Wilson in 1967. Edward Heath revived the second application in July 1970.

the European and US zones, partly influenced by both. The Anglo-American relationship continues to be a relevant in international relations and for historians.

Secondly, this study also makes a contribution to the historical debate by investigating specific issues related to the UK's negotiations to join the EC and its connection to the Anglo-American relationship in a more nuanced way than previously treated. (a) Politically, on the 'Trojan horse' issue – the perception that the UK would create an Atlantic EC, promoting US influence – the Heath government thought that this would be the key stumbling block to gaining French approval for their application. The UK therefore adopted a policy of balancing relations with the US and France, in order to gain EC membership while retaining close Anglo-American relations. This policy influenced the Heath government's pursuit of Anglo-French nuclear collaboration and the early adoption of the EC agricultural system. The Nixon administration understood this, and intentionally pursued a 'hand-off' position, so as to not jeopardize the UK's application. Close political cooperation continued in Cold War strategy and British membership of the EC did not represent a fundamental change in the alliance, even if EC issues became more prominent.

(b) Economically, the UK introduced agricultural levies as the first step in the transition towards the EC's Common Agricultural Policy. This placed the UK into the middle of the EC-US trading wars, which started to dominate the Anglo-American trade relationship even before the UK achieved membership. Likewise, on the UK's attempt to associate the Commonwealth with the EC and preserve the Commonwealth Sugar Agreement, this created both a US-UK and US-EC trade dispute. Finally, the UK made a commitment to run-down the sterling balances during the negotiations phase. This soon replaced the 'Trojan horse' problem, from the perspective of the UK government, as the most important factor in gaining French support for UK membership of the EC. The changing status of the international role of sterling naturally altered Anglo-American monetary relations during the reform of the Bretton Woods system and the EC movement towards Economic and Monetary Union, analysed here together to increase our understanding of Anglo-American monetary relations and the EC enlargement.

(c) In the defence field, despite the UK's move towards EC membership, the Heath government retained a limited political presence in Singapore/Malaysia, as a partial reversal of the Wilson government's decision to withdraw its position from East of Suez. This indicated the continuing importance of a world role, the Atlantic Alliance, and the Anglo-American relationship to the UK government, rather than just focussing on a regional, European security role. This was supported by the continuing cooperation in the sharing of military facilities across the globe, from Europe, to the Indian Ocean, and throughout the Caribbean. Finally, the Heath government pursued Anglo-French nuclear collaboration, in order to prove the UK's desire for the European integration movement. This did not take off because of the fundamental difference between the nature of the UK and French nuclear forces – the French pursued an independent stance, while the UK sought inter-dependence with the US. In fact, the Heath

government's decision to upgrade the Polaris missile system actually increased Anglo-American nuclear collaboration, more so than under Macmillan. This thesis increases our knowledge of the Anglo-American aspects of the UK's negotiations to enter the EC, as well as the state of the Anglo-American relationship.

### Historiography

During the 1970s and 1980s historians had access to the government papers for the Second World War and the beginning of the Cold War, a fascinating period when the Anglo-American alliance played a central role in the international system. In the 1990s, the primary documents on the 1960s were made available. New histories focussed on the US-UK power imbalance, Britain's decision to withdraw from East of Suez, and the Vietnam War. In the 2000s, historical research based on internal government papers for the early 1970s is possible and is rapidly growing. Histories of Britain and European integration go from large to small in both the use of primary government information and the quantity of academic attention received. History produced and primary sources applied to Harold Macmillan's EEC bid for entry 1961-1963 are extensive; they decrease in quantity for the Harold Wilson EEC bid of 1967; and contract to a minor figure for the EC entry process under Edward Heath, 1970-1973. The many different perspectives on Anglo-American relations and the European integration movement have helped to create a more complete picture of the era.

Histories prior to 2000 on the Heath-Nixon relationship have depended on three types of sources: contemporary accounts, memoirs/autobiographies, and public sources. In contemporary accounts, an incomplete collection of evidence causes difficulties in determining the relevance, reliability and representation of information, thus intensifying the problems all historians encounter.<sup>2</sup> While memoirs, autobiographies, and diaries offer unique and personal information not apparent in government documents, this genre has contributed towards creating a limited view of the Heath-Nixon period, particularly through a heavy reliance on Henry Kissinger's memoirs.<sup>3</sup> The main public sources on the Heath-Nixon governments particularly used were parliamentary and congressional debates, and in the US the Public Papers of the Presidents. The number of published documents is small (compared to sources collected in archives) and the scope is limited by the editor of the published series. Legislation, reports, conferences, and speeches outline policies and public rhetoric, but do not include internal

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<sup>2</sup> For three contemporary accounts: Uwe Kitzinger, Diplomacy and Persuasion: How Britain Joined the Common Market (London: Thames and Hudson, 1973), 11-18. Simon Young, Terms of Entry: Britain's Negotiations with the European Community 1970-1972 (London: Heinemann, 1973). Con O'Neill, Britain's Entry into the European Community: Report on the Negotiations of 1970-1972 (London: Frank Cass, 2000). Sir Con O'Neill led the British Official Delegation at the EC negotiations. He completed his report in July 1972, available to the public since 2000.

<sup>3</sup> Henry Kissinger, White House Years (Boston: Little, Brown and Company, 1979). Henry Kissinger, Years of Upheaval (Boston: Little, Brown and Company, 1982).

debates. Therefore, the histories constructed before the release of vital government papers have resulted in recurring assumptions, which are especially open for re-examination, although this study is also revising conventional views independently from the new sources.

This thesis touches on a range of historiographical debates, covering a triangle of relations between the UK, the US, and the EC, mainly covered in four areas of literature: firstly, studies on the Anglo-American relationship; secondly, studies looking into Britain and European integration; thirdly, histories of the Heath government; fourthly, histories of the Nixon administration. While history books are independent of each other and concepts and approaches cross-over between different schools of thought, trends may be discerned.

### Anglo-American Relations

The nature of the Anglo-American relationship is a theme running through the historiography. 'Functionalist' interpretations focussed on shared or conflicting interests in the relationship. Cultural historians thought language, historical heritage and values created a bond between the US and the UK. A further focus of debate is the term 'special'. Functionalists defined 'special' by focussing on the degree of policy influence each government had on the other, with particular reference to nuclear and intelligence sharing. Cultural historians looked at sentimental and societal factors making the relationship 'special'. The dominant position argued is that a 'special' relationship between the US and UK has existed at various points during and since the Second World War. A smaller number of studies attempted to deconstruct the myth of a 'special' Anglo-American relationship.<sup>4</sup>

A prevailing opinion of historians in the 1980s and 1990s is that post 1970 Anglo-American relations were 'Europeanised'. This raises the issue of what is actually meant by the term 'Europeanisation'. One aspect is that it is argued that under both Heath and Nixon a reappraisal of foreign policy occurred. The failure of non-European options for the UK resulted in a firm commitment to the EC. On the American side, a sceptical view of a supranational

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<sup>4</sup> John Dumbrell and Axel R. Schafer, eds., America's 'Special Relationships': Foreign and Domestic Aspects of the Politics of Alliance (London: Routledge, 2009). Alex Danchev, 'On Specialness', International Affairs, Vol. 72, No. 4, 1996, 737-750. John Baylis, "Anglo-American Relationship and Alliance Theory", International Relations, Vol. 8, No. 4, 1985, 368-379. David Reynolds, 'A 'Special Relationship'? America, Britain and the International Order Since the Second World War', International Affairs, Vol. 62, No. 1, 1985, 1-20. Raymond Dawson and Richard Rosecrance, "Theory and Reality in the Anglo-American Alliance", World Politics, Vol. 19, No. 1, 1966, 21-51. Richard Aldrich, "British Intelligence and the Anglo-American 'Special Relationship' during the Cold War", Review of International Studies, Vol. 24, 1998, 331-351. Kathleen Burk, Old War, New World: The Story of Britain and America (London: Little, Brown, 2007). Antoine Capet and Aissatou Sy-Wonyu, eds., The 'Special Relationship': La Relation Spéciale (Rouen: University of Rouen, 2003).

Europe developed, and therefore the relationship became dominated by US-European issues.<sup>5</sup> David Watt took the view that “since the 1970s Anglo-American relations...have ceased to be very important or interesting. To be either, they have to be viewed in the context of American-European relations”.<sup>6</sup> This interpretation is also supported in more recent studies.<sup>7</sup> But does ‘Europeanisation’ constitute a fundamental transformation in the relationship, or just a subtle change? Anglo-American cooperation continues today in many fields, independently from EC issues, and therefore the alliance continues to be important in international relations and for historians, outside of the EC context. Moreover, issues raised by Britain’s accession to the EC were carefully handled within the Anglo-American relationship, which could suggest the ‘Europeanisation’ of the alliance. On the other hand, it may actually reveal a determined effort to preserve the bilateral alliance in conjunction with British EC membership, thus leaving a degree of separation between Anglo-American relations, US-EC relations, and UK-EC relations.

Meanwhile, many historians viewed Heath as having little regard for the special relationship. Alan Dobson claimed that under Heath “Europe had decisively replaced the US as the main overseas focus of the United Kingdom”.<sup>8</sup> Ritchie Ovendale argued that Nixon wanted friendship with Heath, but Heath remained aloof because of Europe; moreover, “Heath was probably the first British Prime Minister in thirty years without any commitment to the Anglo-American special relationship”.<sup>9</sup> Christopher Bartlett agreed, arguing that Heath did not want to be “seen as America’s Trojan horse in the EEC”, and therefore Heath no longer wanted special relations with the US.<sup>10</sup>

Some historians have also argued that diverging Anglo-American economic and political interests as a result of British decline and membership of the EC caused significant tensions and fundamentally altered the relationship. David Reynolds thought that “the

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<sup>5</sup> Robert Hathaway, Great Britain and the United States: Special Relations since World War II (Boston, Massachusetts: Twayne Publishers, 1990), 101. Ritchie Ovendale, Anglo-American Relations in the Twentieth Century, (Basingstoke: Palgrave Macmillan, 1998), 133. C.J. Bartlett, ‘The Special Relationship’: A Political History of Anglo-American Relations since 1945 (London: Longman, 1992), 130. John Dumbrell, A Special Relationship: Anglo-American Relations From the Cold War to Iraq, 2<sup>nd</sup> Edition (Basingstoke: Palgrave, 2006). This book gives an extended treatment to the issue of Anglo-American relations and European integration (see 216-241).

<sup>6</sup> David Watt, “Introduction: The Anglo-American Relationship”, in The ‘Special Relationship’: Anglo-American Relations Since 1945, eds., Roger Louis and Hedley Bull (Oxford: Clarendon Press, 1986), 13. Also see Ernest May and Gregory Treverton, “Defence Relationships: American Perspectives”, in The ‘Special Relationship’, eds., Louis and Bull, 162. Alistair Horne, “The Macmillan Years and Afterwards”, in The ‘Special Relationship’, eds. Louis and Bull, 101.

<sup>7</sup> Niklas Rossbach, Heath, Nixon and the Rebirth of the Special Relationship: Britain, the US and the EC, 1969-74 (London: Palgrave: 2009).

<sup>8</sup> Alan Dobson, “The Special Relationship and European Integration”, Diplomacy and Statecraft, Vol.2, No.1, 1991, 79. Also see Alan Dobson, Anglo-American Relations in the Twentieth Century: Of friendship, conflict, and the rise and decline of the superpowers (London: Routledge, 1995), 141.

<sup>9</sup> Ovendale, Anglo-American Relations, 133.

<sup>10</sup> Bartlett, ‘The Special Relationship’, 130.

underlying reason was not personality but power”, thus diminishing the influence of Heath and Nixon on the conditions of early 1970s Anglo-American relations.<sup>11</sup>

Many of these studies, with a 1980s and 1990s contemporary orientation, lacked extensive archival research on the Heath-Nixon period, with only small sections covering 1970-1974, and relying too heavily on the Kissinger memoirs and newspapers. However, since the 2000s with the release of new documents, the historical debate has moved forward. John Dumbrell noted that “the notion of a sharp Anglo-American transition in the Heath years can be overstated”, thus signalling the beginning of a change in interpretation of Anglo-American relations under Heath and Nixon.<sup>12</sup> Since around 2009 to 2010, during the writing of this thesis, many recent studies have started to reappraise this period, suggesting that the Heath-Nixon relationship was not as bad as previously thought. This also shows the continuing scholarly interest in Anglo-American relations.<sup>13</sup>

### Britain and European Integration

The historiography of Britain and European integration is vast, and much can be learned about the evolution of British European policy since 1945, covering many angles, by just studying the historiographical dissection.<sup>14</sup> Some historians saw Britain’s position on the EC in the 1950s and 1960s, and entry into the EC from 1973 as a traditional foreign policy of seeking to maintain and increase British influence in world affairs.<sup>15</sup> Historians contradicting this perspective argued that Britain’s embrace of European integration marked a fundamental re-orientation of British foreign policy in the twentieth century.<sup>16</sup> The wide range of literature can be boxed into three groups, or trends, although this is not uniform and many studies add a different aspect to the debate.

The orthodox school argued that successive British governments missed or lost the opportunity to catch the European ‘bus’ or ‘boat’ up until Britain’s accession to the EC in 1973,

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<sup>11</sup> Reynolds, ‘A ‘Special Relationship’?’, 13. For a similar view see David Dumbleby and David Reynolds, An Ocean Apart: The Relationship Between Britain and America in the Twentieth Century (London: Hodder & Stoughton, 1988), 266.

<sup>12</sup> Dumbrell, A Special Relationship, 89.

<sup>13</sup> Alex Spelling, “Edward Heath and Anglo-American Relations 1970-1974: A Reappraisal”, Diplomacy and Statecraft, Vol. 20, No. 4, 2009 638-658. Andrea Benvenuti, “The Heath Government and British Defence Policy in Southeast Asia at the End of Empire (1970-71)”, Twentieth Century British History, Vol. 20, No. 1, 2009, 53-73. Thomas Robb, “Antelope, Poseidon or a Hybrid: The Upgrading of the British Nuclear Deterrent 1970-1974”, Journal of Strategic Studies, Vol. 33, No. 6, 2010 797-817. Catherine Hynes and Sandra Scanlon, eds., Reform and Renewal: Transatlantic Relations during the 1960s and 1970s (Newcastle: Cambridge Scholars Publishing, 2009).

<sup>14</sup> Oliver Daddow, Britain and Europe since 1945: Historiographic Perspectives on Integration (Manchester: Manchester University Press, 2004), 10-11.

<sup>15</sup> Paul Sharp, “The Place of the European Community in the Foreign Policy of British Governments 1961-1971”, Millennium: Journal of International Studies, Vol. 11, No. 2, 1982, 155.

<sup>16</sup> John Young, Britain and European Unity 1945-1999, 2<sup>nd</sup> Edition (Basingstoke: Macmillan Press, 2000), 184.

as displayed in the works of Miriam Camps.<sup>17</sup> This judged Britain's cautious approach to European unity a mistake or missed opportunity, and was thus a politically subjective view. Some historians have commented on the influence of the 'Europeanists' on this school of thought – a network of pro-European opinion makers in the UK, US, and Europe, which assumed that the European integration movement was a natural, superior process to the British preference. This distorts the argument and deflects attention from the perception and intentions of policy makers.<sup>18</sup>

Related to this is the 'awkward partner' perspective, as seen in the works of Stephen George, which suggested that the UK government attached unwarranted importance to the Anglo-American relationship above the European factor. Interestingly, George believed that Heath also took an awkward position in the EC, stemming from a traditional foreign policy, similar to that of Macmillan and Wilson. This differed from many Anglo-American historians who thought of Heath as fundamentally pro-European.<sup>19</sup> Revisionist historians heavily criticised George's work for the lack of comparison between British policy and the government policies of other European countries, to determine the relative awkwardness of Britain.<sup>20</sup> Once again, this interpretation implied that Britain departed from the 'natural' path of European integration.

The revisionist school emerged in the 1980s, challenging the orthodox viewpoint with the use of new archival evidence. This 'new perspective' sought to 'understand' policy rather than 'explaining' the failure of Britain to join in the early European project.<sup>21</sup> Jan Melissen and Bert Zeeman argued that "Britain did not miss the European bus; it just declined to board one that was going in the wrong direction".<sup>22</sup> Wolfram Kaiser argued that Whitehall officials

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<sup>17</sup> Miriam Camps, Britain and the European Community 1955-1963 (Princeton: Princeton University Press, 1964), 507. Thirty years later, Camps believed that the documents released from the NAUK (Kew) offered few surprises and supported her original thesis of missed chances. See Miriam Camps, "Missing the Boat at Messina and Other Times?", in From Reconstruction to Integration: Britain and Europe since 1945, eds., Brian Brivati and Harriet Jones (Leicester: Leicester University Press, 1993), 134-143.

<sup>18</sup> Pascaline Winand, "American 'Europeanists', Monnet's Action Committee and British Membership", in Britain's Failure to Enter the European Community 1961-1963: The Enlargement Negotiations and Crises in European, Atlantic and Commonwealth Relations, ed., George Wilkes (London: Frank Cass, 1997), 164-190. Oliver Daddow, "Introduction: The Historiography of Wilson's Attempt to Take Britain into the EEC", in Harold Wilson and European Integration: Britain's Second Application to Join the EEC, ed., Oliver Daddow (London: Frank Cass: 2003), 1-36.

<sup>19</sup> Stephen George, An Awkward Partner: Britain in the European Community, 3<sup>rd</sup> edition (Oxford: Oxford University Press, 1998), 12-16 & 39-40 & 70. Stephen George, eds., Britain and the European Community: The Politics of Semi-Detachment (Oxford: Clarendon Press, 1992). Stephen George, "The Awkward Partner: An Overview", in From Reconstruction to Integration, eds., Brivati and Jones, 179-190. For similar interpretation see Sean Greenwood, Britain and European Cooperation since 1945 (Oxford: Blackwell, 1992), 94-102. David Gowland and Arthur Turner, Reluctant Europeans: Britain and European Integration 1945-1998 (New York: Longman, 2000), 4.

<sup>20</sup> Wolfram Kaiser, Using Europe, Abusing Europeans: Britain and European Integration 1945-1963 (Basingstoke: Macmillan, 1996), xxxi. Young, Britain and European Unity, 186-187.

<sup>21</sup> Daddow, Britain and Europe Since 1945, 114-156.

<sup>22</sup> Jan Melissen and Bert Zeeman, "Britain and Western Europe 1945-1951: Opportunities Lost?", International Affairs, Vol. 63, No. 1, 1987, 93.

recognised Britain's long term interests in Europe but that there was "a time-lag in the Europeanisation of Britain's trade and political interests".<sup>23</sup> John Young also noted the gradual rise of a "sophisticated European policy" circle in British foreign affairs. Furthermore, Young viewed "Heath Europeanism" as causing distance in the Anglo-American relationship.<sup>24</sup> Christopher Lord argued that Heath took Britain into the EC with two conflicting European policies – on one side economic and security policy started to depend on membership of the EC, but on the other hand British policy makers did not want to relinquish British sovereignty.<sup>25</sup> Another theme in revisionist studies is to view the second application under Wilson as a "successful failure". While the application may have been a short term defeat, it helped pave the way for Heath's success in gaining entry into the EC.<sup>26</sup> This area needs more research, from 1967 to 1973, to determine the exact influence of Wilson's failure on Heath's success.

Some historians have taken a more international approach. Piers Ludlow, using the archives of European countries and the institutions of the EC, showed the community reaction to Britain's first application and negotiations to join the EC, thus offering a new perspective.<sup>27</sup> These revisionist histories offered a better understanding of British policy decisions on European integration and the EC enlargement negotiations than in the orthodox works.

A third category has also developed, referred to as the post-revisionist school, in which writers have presented British policy making as a subtle and incoherent process. With an abundance of new primary evidence, post-revisionists have noted the rapidly shifting opinions of government officials, covering the entire period of Britain's applications to join the EC.<sup>28</sup> While many of these studies cited on Britain and European integration did not deal with the Heath government in detail or at all, they are relevant to this thesis for understanding the different approaches in re-interpreting British European integration history.

### The Heath Government

Influenced by a free market and Thatcherite climate, many studies in the 1980s criticised the 'failures' of the Heath government. Martin Holmes argued that Heath abandoned

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<sup>23</sup> Kaiser, Using Europe, Abusing Europeans, 205. For the most comprehensive revised history of the first application see N. Piers Ludlow, Dealing with Britain: The Six and the First UK Application to the EEC (Cambridge: Cambridge University Press, 1997). Also see Wilkes, ed., Britain's Failure, 27-30.

<sup>24</sup> Young, Britain and European Unity, 189 & 100.

<sup>25</sup> Christopher Lord, British Entry to the European Community under the Heath Government of 1970-1974 (Aldershot: Dartmouth, 1993), 30. Also Christopher Lord, Absent at Creation: Britain and the Formation of the European Community 1950-1952 (Aldershot: Dartmouth, 1996).

<sup>26</sup> Daddow, "Introduction", in Harold Wilson and European Integration, ed., Daddow, 1-36.

<sup>27</sup> Ludlow, Dealing with Britain, 4. N. Piers Ludlow, The European Community and the Crises of the 1960s: Negotiating the Gaullist Challenge (London: Routledge, 2006). Also see Daniel Mockli, European Foreign Policy during the Cold War: Heath, Brandt, Pompidou and the Dream of Political Unity (London: I.B. Tauris, 2009).

<sup>28</sup> James Ellison, The United States, Britain and the Transatlantic Crisis: Rising to the Gaullist Challenge, 1963-68 (Basingstoke: Palgrave Macmillan, 2007).

key political and economic policy objectives, such as the promotion of the free market, leaving a legacy of failure.<sup>29</sup> Holmes said that Heath was an unconditional supporter of EC membership, and therefore the negotiations would never fail i.e. that Heath would accept any terms of entry. This interpretation seems to ignore the views of the EC members and the tough negotiating position taken by Heath on Commonwealth association (discussed in this thesis) and other issues. Dennis Kavanagh also presented the Heath government as a failure.<sup>30</sup>

The 1990s revisionist histories portrayed Heath in a more positive light.<sup>31</sup> According to John Campbell's biography, Heath wanted EC membership to provide a strong economic base in which Britain could rediscover a world role, but "he was never a European idealist".<sup>32</sup> Moreover, Campbell said that Heath wanted to "...realign the country's sense of identity irrevocably towards Europe". This involved the ending of the special relationship with the US, which Campbell viewed as a radically different policy from his predecessors and successors. While he noted the cold and formal relations between Nixon and Heath, he thought that "there was no rift".<sup>33</sup> Campbell hailed the success of the Heath application as "an historic achievement" in light of "the dismal saga of missed opportunities since 1945".<sup>34</sup> These revisionist studies mainly relied on interviews and autobiographies of key policy-makers, newspaper articles, parliamentary papers, and secondary reading. A more recent political biography by Philip Ziegler made extensive use of the new papers released at the National Archives, but he took a similar view to Campbell on European integration and the Anglo-American relationship.<sup>35</sup>

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<sup>29</sup> Martin Holmes, The Failure of the Heath Government, 2<sup>nd</sup> Edition (Basingstoke: Macmillan Press, 1997), ix. For the first edition see Martin Holmes, Political Pressure and Economic Policy: British Government 1970-1974 (London: Butterworth Scientific, 1982). In the second edition Holmes argued that the reappraisal of the Heath period by historians in the 1990s was influenced by anti-Thatcherism. Also: Martin Holmes, "Heath's Government Reassessed: The Case Against Revisionism", Contemporary Record, Vol.3, No.2, 1989, 26-27. Martin Holmes, "Heath/Europe", Contemporary Record, Vol.4, No.1, 1990, 35.

<sup>30</sup> Dennis Kavanagh, "The Heath Government, 1970-1974", in Ruling Performance: British Governments From Attlee to Thatcher, eds., Peter Hennessy and Anthony Seldon (Oxford: Basil Blackwell, 1987), 216-240. Dennis Kavanagh, "1970-1974", in How Tory Governments Fall: The Tory Party in Power since 1783, ed., Anthony Seldon (London: Fontana Press, 1996), 359-390.

<sup>31</sup> For a revisionist interpretation see Stuart Ball and Anthony Seldon, eds., The Heath Government 1970-1974: A Reappraisal (London: Longman, 1996). The section on Europe was written by John Young, similar to his book on European integration discussed above.

<sup>32</sup> John Campbell, Edward Heath: A Biography (London: Jonathan Cape, 1993), 335. Campbell was denied access to the Conservative Party archives. He also said that his book was influenced by a liberal perspective of politics. See Anthony Seldon, "The Heathman – An Interview with John Campbell", Contemporary Record, Vol. 7, No. 3, 1993, 583-584 & 586-587.

<sup>33</sup> Campbell, Edward Heath, 343.

<sup>34</sup> Ibid., 363 & 351.

<sup>35</sup> Philip Ziegler, Edward Heath (London: Harper Press, 2010), 376. He argued that the government papers revealed little about the true state of Anglo-American relations, while interviews and autobiographies showed that the Heath-Nixon relationship was poor. Also see Denis MacShane, Heath (London: Haus Publishing, 2006).

## The Nixon Administration

The number of histories written on the Nixon administration since January 1969 is vast, and increasing with the continual release of official papers.<sup>36</sup> Many groups, with different interests and assumptions, have interpreted Nixon. He has been portrayed as a populist and opportunist, both as a conservative and liberal, and used as a case study of paranoia and conspiracy. There have been conventional biographies, in terms of a chronological structure and approach, as well as ‘psychobiography’ or ‘psychohistory’ which used psychoanalysis to explore Nixon’s motives.<sup>37</sup> Other books have focussed on specific areas, mainly Watergate, foreign policy, and domestic policy. Some historians looked at Nixon within the wider context of American society.<sup>38</sup> Furthermore, Nixon has frequently appeared in cultural works, a powerful influence on public opinion, such as in films, novels, poems, operas, plays, and popular music.<sup>39</sup> This has created many representations of Nixon.<sup>40</sup>

Orthodox histories prioritised Nixon’s career as follows: Watergate, foreign policy, domestic policy. On Watergate, Nixon is viewed as initiating a cover-up and guilty of breaking the law. These historians considered foreign policy to be Nixon’s top priority. While given credit for opening China and pursuing détente with the Soviet Union, historians criticised Nixon for not reducing the United States commitment to South Vietnam sooner, and for the country’s involvement in Cambodia and Laos. This school of interpretation thought that Kissinger took control of foreign policy after the 1972 election, when Nixon became preoccupied with the Watergate investigations. Complicated social and economic changes, domestic affairs, Anglo-American relations, and Nixon’s European policies were all dealt with in quick summaries.<sup>41</sup>

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<sup>36</sup> There are several bibliographical studies. Melvin Small, ed., A Companion to Richard M. Nixon (London: Wiley-Blackwell, 2011). Myron Smith, An Annotated Bibliography of Sources in English 1972-1982 (New Jersey: The Scarecrow Press, 1983). By 1984, Smith had already listed 2565 titles, with included books, periodicals, government documents, and doctoral theses, but excluded newspapers and fiction. Dale Casper, Richard M. Nixon: A Bibliographical Exploration (New York: Garland Publishing, 1988).

<sup>37</sup> See Bruce Mazlish, ‘Towards a Psychohistorical Inquiry: The “Real” Richard Nixon’, Journal of Interdisciplinary History, Vol. 1, No. 1, 1970, 49-105. Vamik Volkan, Richard Nixon: A Psychobiography (New York: Columbia University Press, 1997).

<sup>38</sup> Rick Perlstein, Nixonland: The Rise of a President and the Fracturing of America (London: Scribner, 2008). Herbert Parmet, Richard Nixon and his America (London: Little, Brown and Company, 1990).

<sup>39</sup> Thomas Monsell, Nixon on Stage and Screen: The Thirty-Seventh President as Depicted in Films, Television, Plays and Opera (London: McFarland & Company, 1998). Guido Rijn, The Nixon and Ford Blues: African-American Blues and Gospel Songs on Vietnam, Watergate, Civil Rights and Inflation 1969-1976, (Overveen: Agram Blues Records, 2011).

<sup>40</sup> David Greenberg, Nixon’s Shadow: The History of an Image (London: W.W. Norton, 2003). Daniel Frick, Reinventing Richard Nixon: A Cultural History of an American Obsession (Kansas: University Press of Kansas, 2008).

<sup>41</sup> Stephen Ambrose, Nixon: The Education of a Politician 1913-1962: Volume One (New York: Simon and Schuster, 1987). Stephen Ambrose, Nixon: The Triumph of a Politician 1962-1972: Volume Two (New York: Simon and Schuster, 1989). Jonathan Aitkin, Nixon: A Life (London: Weidenfeld and Nicolson 1993). Conrad Black, The Invincible Quest: The Life of Richard Milhous Nixon (London: Quercus, 2007).

With the cooling of Watergate era passions and the release of new sources, a revisionist interpretation developed.<sup>42</sup> Historians of the 1990s labelled Nixon an innovator of domestic policy and criticised his conduct of foreign affairs. The priorities seen in the conventional interpretations were reversed, as domestic policy became the key feature, followed by foreign affairs, and then the Watergate break-in. Historians searched for new perspectives, and the release of Nixon presidential materials, starting with domestic records, supported the “Nixon as Liberal” thesis.<sup>43</sup> The title of Joan Hoff’s introduction, ‘Nixon is more than Watergate’, represents the shift in interpretation. Hoff argued that “most of his lasting achievements are in domestic, rather than foreign, affairs”.<sup>44</sup> Throughout the 2000s, histories on Nixon foreign policy have expanded beyond superpower relations, China, and Vietnam.<sup>45</sup>

Many books have looked at the relationship between Nixon and his National Security Adviser, Henry Kissinger. Early studies on the Nixon administration tended to view Nixon and Kissinger as a solid partnership in the formation of foreign policy, although with some personal differences. The heavy dependence on the Kissinger memoirs encouraged this viewpoint.<sup>46</sup> The release of archival material since the 1990s has allowed historians to trace the origins of policies and the differences between Nixon and Kissinger.<sup>47</sup>

Few historians have specifically dealt with Nixon’s policy on Anglo-American relations and Europe compared to the many studies on Nixon’s policies on China, Soviet Union and

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<sup>42</sup> Leon Friedman and William Leventrosser, Richard M. Nixon: Politician, President, Administrator (London: Greenwood Press, 1991). Joan Hoff, Nixon Reconsidered (New York: Basic Books, 1994). Allen Matusow, Nixon’s Economy: Booms, Busts, Dollars, and Votes (Kansas: University Press of Kansas, 1998).

<sup>43</sup> Greenberg, Nixon’s Shadow, 320-321.

<sup>44</sup> Hoff, Nixon Reconsidered, 4.

<sup>45</sup> Mark Atwood Lawrence, “History from Below: The United States and Latin America in the Nixon Years”, in Nixon in the World: American Foreign Relations 1969-1977, eds., Fredrik Logevall and Andrew Preston (Oxford: Oxford University Press, 2008), 269-286. Jonathan Haslam, The Nixon Administration and the Death of Allende’s Chile: A Case of Assisted Suicide (London: Verso, 2005). Robert Bothwell, “Thanks for the Fish: Nixon, Kissinger, and Canada”, in Nixon in the World, eds., Logevall and Preston, 309-328. Eric Morgan, “Our Own Interests: Nixon, South Africa, and Dissent at Home and Abroad”, Diplomacy and Statescraft, Vol. 17, No. 3, 2006, 475-495. Liang Pan, “Whither Japan’s Military Potential? The Nixon Administration’s Stance on Japanese Defence Power”, Diplomatic History, Vol. 31, No. 1, 2007, 111-142.

<sup>46</sup> Harvey Starr, “The Kissinger Years: Studying Individuals and Foreign Policy”, International Studies Quarterly, Vol. 24, No. 4, 1980, 465-496. Harvey Starr, Henry Kissinger: Perceptions of International Politics (Lexington, Kentucky: University Press of Kentucky, 1984). Stephen Graubard, Kissinger: Portrait of a Mind (New York: Norton, 1973). Peter Dickson, Kissinger and Meaning of History (New York: Cambridge University Press, 1978). Seymour Hersh, The Price of Power: Kissinger in the Nixon White House (New York: Summit Books, 1983). Argyris Andrianopoulos, Western Europe in Kissinger’s Global Strategy (London: Macmillan, 1988). Richard Thornton, The Nixon-Kissinger Years: The Reshaping of American Foreign Policy (St. Paul, Minnesota: Paragon House, 1989). For contemporary accounts of Kissinger see Warren Nutter, Kissinger’s Grand Design (Washington: American Enterprise Institute for Public Policy Research, 1975). Richard Falk, What’s Wrong with Henry Kissinger’s Foreign Policy (Princeton: Centre of International Studies, Princeton University, 1974). David Landau, Kissinger: The Uses of Power (London: Robson Books Ltd, 1974). John Stoessinger, Henry Kissinger: The Anguish of Power (New York: W.W. Norton, (1976).

<sup>47</sup> Robert Dallek, Partners in Power: Nixon and Kissinger (New York: HarperCollins, 2007).

Vietnam (discussed in a later chapter), because these areas were considered to be low priorities in the Nixon administration. But Nixon's relationship to Britain and Europe has been covered in larger studies on Anglo-American relations, the Atlantic Alliance, and European integration, all of which have been thoroughly researched areas in diplomatic history.<sup>48</sup> The prevailing position of historians is that a sceptical view of a supranational Europe developed under the Nixon administration, which would only view European integration in the Atlantic context. The key tensions between America and Europe were diverging economic and political interests. It is also claimed that Nixon sought to establish closer ties with Britain, which would undermine European integration.<sup>49</sup>

As most Nixon studies have focussed on the Vietnam War, China, the Soviet Union, Watergate, and, more recently, on domestic policy, there is more work to be done on the Nixon administration's policy and conduct of the Anglo-American relationship, as well as on European policy. This study on the Heath-Nixon period will contribute towards increasing our understanding of Anglo-American relations and European integration.

### Sources

This thesis is primarily based on US and UK government papers. In Britain under the thirty year rule for the opening of government archival papers, a large proportion of the official papers on the Heath government were released by 2004/2005, held at the National Archives in Kew, London.<sup>50</sup> But some of the papers discussed here on Anglo-American nuclear relations were only released in 2010. Most of the evidence comes from files held in the Prime Minister's office, the Cabinet Office, the Foreign and Commonwealth Office (FCO), the Ministry of Defence (MOD), and the Treasury. These are the institutions which played an important formal role in creating foreign policy under Heath, as discussed in chapter 1. The views of other ministers and officials across Whitehall are accounted for through their participation in the cabinet committees or through their direct communication to the prime minister or the FCO.

In the US, of the approximately 46 million pages of the Nixon presidential materials, about 10 million are available. Stored at the Nixon Presidential Library and Museum, Yorba Linda, California (NPL) since 2009, this thesis makes extensive use of the National Security

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<sup>48</sup> See the recent studies on Kissinger's 1973 Atlantic initiative: Catherine Hynes, The Year That Never Was: Heath, the Nixon Administration and the Year of Europe (Dublin: University College Dublin Press). Thomas Robb, "Henry Kissinger, Great Britain and the 'Year of Europe': The 'Tangled Skein'", Contemporary British History, Vol. 24, No. 3, 2010, 297-318. Edoardo Sorvillo, "Caught in the Middle of the Transatlantic Security Dilemma. Great Britain, the United States and Western European Security, 1970-1973", Journal of Transatlantic Studies, Vol. 8, No. 1, 2010, 69-82.

<sup>49</sup> Geir Lundestad, "Empire" by Integration: The United States and European Integration 1945-1997 (Oxford: Oxford University Press, 1998), 99-107. William Cromwell, The United States and the European Pillar: The Strained Alliance (London: Macmillan, 1992), 70-78.

<sup>50</sup> Formally called the Public Records Office (PRO). The release of UK government documents is now governed by the Freedom of Information Act, 1 January 2005.

Council (NSC) files, which Nixon relied heavily on in the formation of foreign policy, as well as general White House files and the telephone conversation transcripts, all part of the Nixon Presidential Materials (NPM).<sup>51</sup> The papers of the State Department, Department of Agriculture, and the Treasury Department, stored at the National Archives and Records Administration at College Park, Maryland (NARA II) are also referenced. Also used are the Foreign Relations of the United States (FRUS) series for the Nixon/Ford administration, published by the State Department.

Public opinion polls, newspapers, political pamphlets, parliamentary and congressional records, autobiographies/memoirs, and government discussions with pressure groups are important sources consulted. However, the central focus is on the Heath and Nixon archival materials.

### **Method and Structure**

An investigation into the internal government debates, policy-making process, domestic influences on foreign policy, and bilateral relations in the US and the UK will show how the Heath and Nixon governments perceived and implemented policy. The motives behind policy and its application under Heath and Nixon have complex, multiple dimensions. A framework to examine sources and policy formation is how the US and UK governments perceived (a) the European integration movement, (b) British entry into the EC, and (c) the Anglo-American relationship. Finally, where did those three fit into their overall foreign policy priorities? This will help to measure the influence of the EC enlargement on Anglo-American relations.

In terms of foreign and domestic policy perceptions, this study is restricted to looking at the views of US and UK policy makers, mainly as represented in government documents. This includes both officials and politicians. Likewise, the views of the EC and nation states presented in this study are as perceived by the member of the US and UK political machines or through direct bilateral and multilateral negotiations with those countries and institutions, and therefore only what they wanted to reveal to the US and the UK. An understanding of the views of the EC and other countries will require another investigation by historians, outside of this thesis.

While cultural factors are important, and the Anglo-American relationship is multi-faceted, this thesis takes a functional approach, looking at the level of political communication and cooperation between the Heath and Nixon governments, and the bureaucracies during this period. Moreover, this study is not particularly focussed on the term 'special' and whether relations were *actually* 'special' (in comparison to other alliances), although it may be referred to, especially with regards to its usage by Heath, Nixon, and other policy and opinion makers. Nixon often referred to the relationship as 'special' while Heath used the term 'natural', which

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<sup>51</sup> Under the Presidential Recordings and Materials Preservation Act of 1974, Nixon's papers were seized and deposited at NARA II. The transfer to the NPL started in 2007.

needs to be analysed. A focus on the functional – the day-to-day habit of working together, between politicians and officials – tends to reduce the role of personal relations, although this is another level of the relationship which is important to consider.

It also needs to be noted here that this study concentrates on the major aspects of the EC enlargement which the US and UK policy makers perceived to be issues in Anglo-American relations, such as agricultural and Commonwealth trade, the role of sterling, and the ‘Trojan horse’ issue. It also considers Anglo-American relations on the key preoccupations of the US administration – superpower relations and arms control negotiations, Chinese rapprochement, and the Vietnam War, and well as nuclear and defence cooperation, in order to display the degree of ‘Europeanisation’ in Anglo-American relations.

It therefore follows that this study does not attempt to cover every theme and issue that arose in Anglo-American relations, nor in Britain’s application to join the EC, which would pretty much extend to every part of the globe and cover many thematic topics, especially in the Cold War context. Notably topics not discussed at length are Indo-Pakistan relations, the Middle-East (apart from the 1973 Yom Kippur War), Latin America, Africa, Japan, the energy crisis, Ireland, and the other EC applicants. These are issue that would benefit from greater research, which in itself displays the wide spectrum of the Anglo-American partnership.

This study is organised thematically. It is divided between various political, economic, and defence issues, and between foreign policy, bilateral and multilateral relations, and domestic influences on foreign policy. This helps to deal fully with the details of each theme over 1970-1974. However, all of these themes are naturally inter-connected and so there is cross-referencing throughout the study.

The organisation of the argument to be developed in the succeeding chapters is as follows. The subject of chapter 1 is policy making structures and elites. Important to this study of diplomatic and political history are the players and institutions involved in the formation of policy, and the relationship between the international environment and internal domestic factors. Looking at the nature of the domestic system and the balance of government power in Britain and the US reveals the constraints that Nixon and Heath operated under. Nixon and Heath functioned under different constitutional arrangements which created different patterns of behaviour. A further factor to consider is that Prime Ministers and Presidents will organise government in their own ways and manipulate the system to suit their styles. This chapter is particularly concerned with the party system and elections, the executive office, legislative/executive balance of power, as well as the pressure group system and the role played by the media and public opinion.

Chapter 2 looks at the internal debates in the US and UK governments and the development of foreign policy, which show the strategies that each country took into the bilateral relations with each other. It analyses the key influences on Nixon’s Cold War strategy, such as nuclear arms parity, the Sino-Soviet split, and US economic problems, followed by a

looks at the administration's position on détente, rapprochement with China, the Vietnam War, the Atlantic Alliance, and European integration. The chapter then investigates UK foreign policy by looking at long term economic changes in Britain, Heath's concept of European integration, and the development of the Heath government's policy on the EC and the US. It then looks at Heath's Cold War strategy. But short term relations were not governed in full by grand strategies. They only provided blueprints. Policies and actions also developed based on the progress of events and negotiations, discussed in the following chapters in the areas of politics, economics, and defence.

Chapter 3 analyses Anglo-American political relations and the EC enlargement. It firstly measures the early relationship during Britain's negotiations to join the EC (1970-1971), with particular reference to the 'Trojan horse' problem and Anglo-French relations. It then considers Anglo-American political relations after Britain's accession to the EC (1973-1974). This chapter is illustrated with three specific episodes: the opening of China, the 'Year of Europe', and the 1973 Yom Kippur War.

Chapters 4 and 5 analyse Anglo-American economic relations under Nixon and Heath. Economic issues are a major focus of this thesis because of their importance in the enlargement negotiations. Chapter 4 deals with the trade aspects. Firstly, it briefly describes general trade issues affecting the US, the UK, and the EC. This is followed by an analysis of Anglo-American relations with regards to US trade policy, the Mills Bill and Congressional protectionism, the UK's introduction of agricultural levies, and the Commonwealth association with the EC.

Chapter 5 is about Anglo-American monetary relations. This starts by outlining the functioning of the Bretton Woods system 1945-1971. It then looks at the EC movement toward European Economic and Monetary Union and explains how this has an impact on the EC negotiations, Anglo-American relations, and on the role of sterling. It then looks at Nixon's New Economic Policy and the subsequent monetary crisis on the reform of the Bretton Woods system. This then led to the flotation of sterling and the collapse of the Smithsonian Agreement. Trade and monetary issues are closely related and therefore a connection exists between these two chapters.

Chapter 6 describes the level of Anglo-American defence cooperation under Heath and Nixon. It will investigate the sharing of military facilities, such as Diego Garcia in the Indian Ocean. Connected to this, the chapter will examine the Heath government's decision to implement a partial reversal of Wilson's withdrawal from Singapore/Malaysia ('East of Suez'), and its connection to the Anglo-American relationship. Finally, it analyses the UK investigation into Anglo-French nuclear collaboration, while at the same time embarking on an upgrade of their nuclear system with US assistance.

Britain's relationship to European integration and the Anglo-American relationship remain important areas of interest to historians as reflected in the continually growing literature. This subject has contemporary relevance, particularly to policy making elites. The UK dilemma

today is similar to the one faced by policy makers in the 1970s – either close ties to the US, to the EC, or a balanced relationship. For US policy makers, an expanded EU still raises questions on the level of cooperation and conflict in political, economic, and security affairs. This research is important in developing our understanding of the Anglo-American relationship, 1970-1974.

*Chapter 1:*

**Policy Making Structures and Elites**

This chapter considers the key domestic factors influencing Anglo-American relations and Britain's entry in the EC under Nixon and Heath. Its central argument is that in both the US and the UK the domestic scene played an important role in the conduct of international relations. In the US in the early 1970s the Congress sought to reassert its role in the making of foreign policy and provide greater supervision over the management of domestic projects by the executive. Nixon faced tough pressure from the Congress in the areas war, diplomacy and budget making, as well as over the Watergate scandal, which played a part in the policy making process. Nixon also continued the post-war centralisation of foreign policy in the White House, by reforming and consolidating the role of the National Security Council (NSC). In the UK, Heath continued the expansion of prime ministerial government, as well as attempting to break down departmentalism, and preparing Whitehall for working within a European political structure. Like Nixon, Heath's style was to keep foreign policy formation close to 10 Downing Street, the FCO, and the MOD, as well as with experienced officials in those departments and his own private and political secretaries.

This chapter starts by looking at how to measure political power, followed by a look at the pressure group system, and the influence of the media and public opinion. The chapter then considers the political conditions of 1970-74 in the UK and US, through the (a) party system and elections, (b) the executive office, and (c) the legislative/executive balance of power.

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**Measuring Political Power and Policy Making**

The criteria used throughout this thesis for measuring political power and the domestic influences on foreign policy are (a) the formal constitutional powers of government bodies, (b) the actual political power of institutions developed through the political and cultural history of the country, and (c) the political conditions of 1970-1974 under the governments of Nixon and Heath. An investigation of these three criteria contributes towards understanding the role played by parties and individuals, public and media opinion, ministers and civil servants, government institutions, pressure groups and other non-governmental organisations (NGOs). The types of government system running in the UK and the US determined how power is separated and distributed in the political system, and how the executive and legislature were selected and terminated, which therefore had an impact on the behaviour of Heath and Nixon.

Yet, the role played by each of these political factors is also dependent on the method of policy making used by the executive. Some foreign policy issues, usually low-level, were handled in the political bureaucracy, either in the executive office or Whitehall and Federal government departments. On some high level foreign policy issues, Nixon and Heath chose to

dominate the decision making, thus increasing the importance of personality. This was reflected to a degree in the selection of their cabinets and advisors, appointing people with the same foreign policy outlook to contribute towards shaping policies in a group structure, but within the guidelines of the Prime Minister and President.

At the other end of the spectrum Heath and Nixon chose to, or were forced to, conduct foreign policy with various components of the domestic political scene – taking into account the views of other parties, pressure groups, the media, and public opinion. This particularly applied to the question of EC enlargement which involved economic and trade issues, a complicated area in foreign relations, affecting many domestic and international interest groups, from unions to big and small businesses in the US and UK. Furthermore, it is connected to constitutional change and established foreign policy traditions, therefore challenging elite perceptions of international affairs and government systems.<sup>1</sup>

### **Media, Pressure Groups, and Public Opinion**

Media organisations, pressure groups, and public opinion in the US and UK influenced the nature of government and the domestic political scene. Newspapers, radio, and television outlets were by the 1970s the key sources of political information for most people. Thus the views of journalists and newspaper proprietors could influence public opinion, while the political parties used the media as a communication tool. Both Heath and Nixon had full time and influential press advisors and ran sophisticated national television election campaigns.<sup>2</sup> Moreover, both Whitehall and Washington tracked political media coverage, which showed its importance.<sup>3</sup>

But in the 1970s printed press field, the style and nature of journalism in the US and UK differed, which influenced the political environment. While Britain had at least nine national titles competing on the newsstands, the US mainly had a series of newspapers that were powerful on a state / city level with different audiences. In the US factual news stories and

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<sup>1</sup> Arend Lijphart, Patterns of Democracy: Government Forms and Performances in Thirty-Six Countries (New Haven: Yale University Press, 1999), 127-129. Richard Heffernan, “Why the Prime Minister cannot be President: Comparing Institutional Imperatives in Britain and America”, Parliamentary Affairs, Vol. 58, No. 1, 2005, 53-70. Alfred Stepan & Cindy Skach, “Presidentialism and Parliamentarianism in Comparative Perspective”, in The Failure of Presidential Democracy: Comparative Perspectives, eds., Juan Linz & Arturo Valenzuela, (Baltimore: John Hopkins, 1994), 120.

<sup>2</sup> Michael Cockerell, Live From Number 10: The Inside Story of Prime Ministers and Television (London: Faber and Faber, 1988), 156-183. Kathleen Hall Jamieson, Packaging the Presidency: A History and Criticism of Presidential Campaign Advertising (Oxford: Oxford University Press, 1984), 233-234. John Runyon & Jennefer Verdini & Sally Runyon, eds., Presidential Campaign and Election Statistics 1948-1968 (New York: Frederick Ungar Publishing, 1971), 183-230.

<sup>3</sup> Foreign and Commonwealth Office (FCO) 26/1172; The National Archives, Kew, London (NAUK). White House Special Files (WHSF): President’s Office Files 1969-1974; Nixon Presidential Materials (NPM); Richard Nixon Presidential Library and Museum, Yorba Linda, California (NPL).

opinion pieces were more clearly separated, where as UK news coverage often took a political side. Moreover, in the UK, domestic issues in foreign countries often received wider coverage in the UK press than in the US media. Opinion polls showed that the US public were not very interested in foreign affairs.<sup>4</sup> The Nixon-Heath era also saw a rise in investigative journalism, such as with the Washington Post investigation into the Watergate break-in, which contributed towards an expansion of news-led agendas, which increased the importance of the media on politics.

Pressure groups function at the heart of both the UK and US political process and played an important role in domestic and international policy making during the Nixon and Heath years.<sup>5</sup> Of the many pressure groups in existence, a limited number of core insider groups had the greatest opportunities to influence the executive and law makers. In the UK the key groups in 1970 were the Trade Union Congress (TUC) and the Confederation of British Industry (CBI).<sup>6</sup> In a similar way, the US had umbrella organisations that were major players in the Washington lobby scene in the 1970s, that sought federal help during a period of economic turbulence. Representing business interests were the US Chamber of Commerce and the National Association of Manufactures, while the American Federation of Labour and the Congress of Industrial Organisations, which merged in 1955, represented organised labour unions. Farming groups also exerted huge influence on policy. All these unions were worried about the effects of EC integration on agricultural prices and competition from 1970-1974.

However, some differences in the US and UK systems had an impact on pressure group activity. The separation of powers in the US meant that pressure groups needed to seek influence in both the White House and on Capitol Hill, whereas in the UK it was more important to work with the executive. Policy in Whitehall also focussed around departments and hence pressure groups often bypassed constituency MPs. Legislation in the US frequently went from one house of Congress to the other, via committees, conferences and the White House in a bargaining process, which provided room to amend legislation. But in the UK a White Paper or Bill was seen as a statement of the government's intentions and thus its publication limited the opportunities for modification. Due to considerable organisational efficiency and clearly defined memberships, pressure groups influenced the domestic political scene.

In the liberal-democratic electoral systems of the UK and US public opinion usually played a prominent role in policy making. Policy makers often sought to avoid unpopular policies, and thus the election cycle is an important factor. In the diplomatic field, references to public opinion often meant public opinion according to the opinion polls, and these polls were frequently tracked and discussed under Heath and Nixon. Specific problems arise from

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<sup>4</sup> John Rielly (Editor), American Public Opinion and US Foreign Policy (Chicago: The Chicago Council on Foreign Affairs, 1975), 9.

<sup>5</sup> Wyn Grant, Pressure Groups and British Politics (London: Macmillan Press, 2000), 1-67.

<sup>6</sup> Minutes and Memos; FG 1, National Economic Development Council: Minutes and Memorandum 1970-1974; NAUK.

analysing opinion polls, such the clash between long term trends and short term fluctuations, the wording of questions, the representativeness of people questioned, the historical and social context of the polls, and the methods of measurements. Nevertheless, the law makers frequently used the polls in the policy making process as navigational and therefore they are an important factor in diplomatic and political history.<sup>7</sup>

The conventional view on the relationship between foreign affairs and the opinion polls is that public opinion tends to follow government policy.<sup>8</sup> However, the change in US domestic opinion on the Vietnam War from 1965 to 1973 challenged this assumption, discussed below. Moreover, in Britain, entry into the EC was regarded as belonging in both the foreign and domestic fields, as well as involving constitutional change. Therefore the British public displayed a high level of interest in the EC negotiations. Another factor to consider in relation to public opinion and pressure groups are social movements, a means by which people sought change. During the Heath-Nixon era the anti-war movement in the US influenced opinion and altered Vietnam policy.

### **(a) US-UK Party System and Elections**

#### US Party Distribution 1969-1975

A significant shift from the Democratic Party to the Republican Party in presidential elections took place in 1968 and 1972. This provided Nixon with the claim to hold the democratic mandate to implement his foreign and domestic agendas from the executive office. However, Nixon, the first president to enter office with a hostile Congress since Zachary Taylor in 1849, faced a divided government throughout his two terms. As table 1 below shows, the Democrats controlled the Congress from Nixon's inauguration in 1969 through to his resignation in 1974. Many historians have pointed to the Nixon election victories of 1968 and 1972 as "the end of the New Deal Democratic hegemony and the beginning of a new era in American politics".<sup>9</sup> While the victories were significant in handing the Republicans control of the presidency, it only made a slight difference to the actual number of elected Republicans. The Democrats still dominated the legislative process. This had an impact on the nature of the Nixon presidency. He implemented measures to centralise foreign and domestic policy making, as a

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<sup>7</sup> Robert Shepherd, Public Opinion and European Integration (Farnborough: Saxon House, 1975), 1-21.

<sup>8</sup> William Lurch & Peter Sperlich, "American Public Opinion and the War in Vietnam", The Western Political Quarterly, Vol. 32, No.1, 1979, 22.

<sup>9</sup> Kevin Phillips, The Emerging Republican Majority (New York: Arlington House, 1969), 25. Also see Lewis Gould, 1968: The Election that Changed America (Chicago: Ivan Dee, 1993). Theodore White, The Making of the President 1968 (New York: Pocket Books, 1970). Theodore White, The Making of the President 1972 (New York: Bantam Books, 1973). Timothy Crouse, The Boys on the Bus (New York: Random House, 1973). Hunter S. Thompson, Fear and Loathing on the Campaign Trail '72 (San Francisco: Straight Arrow Books, 1973). Joe McGinniss, The Selling of the President (New York: Trident, 1969) and Jamieson, Packaging the Presidency, 221-328.

method of working around the Congress. Thus, Nixon’s attempts to marginalise the Congress created a period of high institutional conflict.

**Table 1: Party Division in the US Congress 1969-1975<sup>10</sup>**

Column A		Column B	Column C	Column D	Column E	Column F
		Total	Democrats	Republicans	Others	Majority
91 <sup>st</sup> Congress 1969-1971	House	435	243	192	0	Dem +51
	Senate	100	57	43	0	Dem +14
92 <sup>nd</sup> Congress 1971-1973	House	435	255	180	0	Dem +75
	Senate	100	54	44	2	Dem +8
93 <sup>rd</sup> Congress 1973-1975	House	435	242	192	1	Dem +49
	Senate	100	56	42	2	Dem +12

The Nixon campaign teams of 1968 and 1972 approached the elections with a significant strategy to reverse the minority status of the Republicans in elected offices. This plan helped to broaden the appeal of the party into new geographical areas and is an important indicator of where Nixon sought support, which influenced policy making. It has been referred to as the “southern strategy”, but it focussed on the whole of the US, especially the “heartland” and Pacific regions. Identified and partly designed by Nixon’s election strategist Kevin Phillips, it aimed to take advantage of a trend of disillusionment amongst traditional white ethnic groups with the New Deal-Great Society policies of the Democrats. In 1967 Phillips wrote a paper The Emerging Republican Majority which the Republicans used in the 1968 and 1972 presidential campaigns.

Firstly, on the “southern” aspect of the strategy, Nixon sought to realign the traditional Democratic southern states with the Republicans. The groundwork for the Republicans increased strength in the southern region had already begun in the 1950s before Phillips’ influential paper – the results of this were reflected in the 1964 presidential election, when the Republican candidate Barry Goldwater won five southern states. The strategy focussed on the influence of ethnic factors on voting behaviour, such as civil rights policies, and Phillips concluded that the “new popular majority is white and conservative” and that large numbers of

<sup>10</sup> Senate Historical Office [online]: [www.senate.gov](http://www.senate.gov). House of Representatives Historical Office [online]: [www.house.gov](http://www.house.gov). The statistics are based on election day results.

them were located in the south.<sup>11</sup> Many media outlets perceived a controversial racial element to the strategy.<sup>12</sup>

Secondly, Phillips particularly drew attention to the post-1945 migration of the traditional Democratic white ethnic groups from the south to the heartland, suburbs, and Pacific regions. The “heartland” geographically referred to every state without a coastline, from the Appalachians to the Rocky Mountains. These 25 states provided the vast majority of members of the electoral colleges needed to elect a president, and were thus politically significant.<sup>13</sup> Nixon sometimes ambiguously dubbed this the great “silent majority” and middle-America. A growing number of people from white ethnic groups in the heartland and Pacific region perceived that the enlargement of federal activities in the 1940s and the social changes of the 1960s imposed on them from the Democratic federal government were a threat to their traditional way of life. The region included large areas of farm land, and people who had strong ties to religion and agricultural country life. Therefore the Nixon campaign called for less federal interference in state affairs, agricultural investment, and rural redevelopment as a way to realign the traditional Democrats with the Republicans.<sup>14</sup>

The opinion polls throughout 1968 narrowly fluctuated between the two main parties, reflecting the tight race in the presidential primaries.<sup>15</sup> Nixon always remained the Republican front-runner in the race. But he faced strong competition from the left of the party - George Romney, Governor of Michigan, and Nelson Rockefeller, the Governor of New York. Ronald Reagan entered the race as a “favourite-son” candidate in California, taking all its votes. Rockefeller had hoped that Reagan would split the right wing of the party; this did not materialise. Although Romney, Rockefeller, and Reagan ran strong campaigns at certain times, they failed to sustain support throughout the process and always remained behind Nixon in the Republican polls. Nixon thus won the nomination on the first ballot at the National Convention in Florida in August 1968.<sup>16</sup> The Democrats had a series of candidates with a credible chance of winning the party’s presidential nomination. This uncertainty and the changing circumstances in the presidential race showed up in the polls.<sup>17</sup>

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<sup>11</sup> Phillips, The Emerging, 31.

<sup>12</sup> “Nixon’s Southern Strategy: ‘It’s All in the Charts’”, New York Times, 17 May 1970, 25. “The Emerging Republican Majority”, Los Angeles Times, 21 December 1969, Section G, 9. See Robert Mason, Richard Nixon and the Quest for a New Majority (Chapel Hill: University of North Carolina Press, 2004), 47-50.

<sup>13</sup> Phillips, The Emerging, 292.

<sup>14</sup> ‘Republican Party Platform of 1968’, 5 August 1968, The American Presidency Project [online], <http://www.presidency.ucsb.edu/ws/index.php?pid=25841>

<sup>15</sup> Runyon & Verdini & Runyon, eds., Presidential Campaign, 281-286.

<sup>16</sup> “The Long and Twisting Path to the Republican Convention”, New York Times, 5 August 1968, 19. “Romney Asserts Administration Is Misleading Public About Vietnam War”, New York Times, 7 September 1967, 1. “In the Nation: A Resurrection from Romney?”, New York Times, 16 January 1968, 38. Ronald Reagan, An American Life: The Autobiography (London: Hutchinson, 1990), 176-178. Runyon & Verdini & Runyon (Editors), Presidential Campaign and Election Statistics, 113 & 285.

<sup>17</sup> Harold Faber, ed., The New York Times Election Handbook 1968 (New York: The New American Library, 1968), 15-26 & 114.

In the 1968 presidential election the Republicans achieved a limited breakthrough in the south which created the groundwork for the more significant party domination of the region in subsequent presidential elections. Moreover, the party increased its popular appeal throughout the US, winning states in all regions. Nixon defeated the Democrat candidate Hubert Humphrey and the American Independent Party (AIP) candidate George Wallace. The popular vote saw Nixon just edge above Humphrey by 43.4% to 42.7%. However, the electoral college margin, the key figure in the election, showed a vast Republican win – Nixon won 301 to Humphrey’s 191 and Wallace’s 46. Nixon won 32 states, Humphrey 13, and Wallace 5. Nixon’s success in the 1968 election depended largely on his appeal to rural America. This group, the “silent majority” throughout the heartland, broadly supported Nixon’s Vietnam policy, which later provided him with leeway in dealing with the anti-war movement and the Congress. Furthermore, they had strong ties to the main farming lobbies in Washington and the US Department of Agriculture, and thus a factor in the formulation of policies.<sup>18</sup>

Nixon’s 1972 presidential election landslide saw significant gains in the south, which set a trend for the future Republicans. Nixon won the popular vote by 61% to 38% over the Democrat Party candidate George McGovern (Senator from South Dakota). Nixon dominated every area of the country, taking 49 states with 520 electoral college votes, losing only Massachusetts and the District of Columbia. McGovern made a strong run in university towns which can be accounted for by the enfranchisement of 18 to 21 year olds for the 1972 election. This helped increase the turnout from 73.2 to 77.7 million, many of whom were students. They were particularly opposed to Nixon’s expansion of the Vietnam War to the areas of Cambodia and Laos.<sup>19</sup> Once again, Nixon carried the election with the support of rural and middle-America, the heartland, the Pacific, and the white south.

Despite the scale of Nixon’s 1972 victory, the balance of power between the parties in the constitutional system remained roughly the same as 1968. From 1932 the Democrats dominated White House power, with the exception of the Eisenhower administration (1953-1961). Nixon’s landslide showed a remarkable turnaround took place in the party control of the presidency. Thus, the Nixon Republicans claimed to have a democratic mandate, which they used to vigorously pursue their agenda from the White House. However, neither the victory in 1968 nor the landslide of 1972 altered the Democrat Party’s control of Congress. This resulted in institutional conflict over policy making, having an impact on the nature of the Nixon administration.

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<sup>18</sup> Albert Menendez, The Geography of Presidential Elections in the United States 1868-2004 (London: McFarland & Company, 2005), 93-96.

<sup>19</sup> Menendez, The Geography of Presidential Elections, 98-100.

### UK Party Distribution 1970-1974

The Conservative Party won the 1970 general election with a small, but workable, majority of thirty in the House of Commons. This provided Heath with the public mandate to pursue his policies and the numerical ability to control the agenda in the Parliament. However, with only a thirty-seat majority, the far-right wing of the Conservative Party posed a threat to Heath just as much as the opposition parties in the House; a small backbench rebellion from the Conservatives could undo Heath's legislation. Moreover, Heath's majority had fallen to 17 by the time of the dissolution of parliament in February 1974. This had a large influence on the nature of government, by limiting Heath's ability to dominate the Commons, especially on issues which were important to the right-wing, such as entry into the EC, race relations, and economic policy.

The opinion polls played a prominent role in the 1970 general election. Firstly, they influenced the timing of the election, and, secondly, most of the polls predicted that Labour would win. Hence, historians and contemporary commentators focussed on Heath's "surprise" victory. Denis MacShane summarised the orthodox interpretation, arguing that "the win was very much his own achievement" because the opinion polls and the media "saw Heath as a loser".<sup>20</sup> Heath ran a strong campaign, which commentators viewed as the major reason for the "upset" which brought the Conservatives to power.<sup>21</sup> However, this argument does not account for the long-term trend in support for the Conservatives building up to the 1970 election and the swing against the governing party.<sup>22</sup>

The Labour government faced major economic problems from 1966 to 1969, which damaged Harold Wilson's premiership. Britain had a large balance of payments deficit - £800 million in 1964 - which harmed the value of the currency, pegged at a rate of \$2.80 under the Bretton Woods system. Severe speculation against sterling took place after Wilson's second general election victory in April 1966, which led Labour to implement unpopular deflationary policies. Public investment and overseas expenditures were cut and taxes increased. Labour also froze wages between July 1966 and January 1967.<sup>23</sup> However, speculation against sterling continued and so the Wilson government devalued the pound, from \$2.80 to \$2.40 on 18 November 1967, roughly 14% lower. The economy started to improve from the autumn of 1969 into 1970, but the recovery came too late for Wilson to win a third consecutive general election in June 1970.

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<sup>20</sup> Denis MacShane, Heath (London: Haus Publishing, 2006), 69.

<sup>21</sup> "Why Wilson Lost Against All Odds", The Times, 20 June 1970, 10, Issue 57897, col. D; "Surprised World Waits to Hear From Heath", The Times, 20 June 1970, 4, Issue 57897, col. E.

<sup>22</sup> Richard Rose, The Polls and the 1970 Election (Glasgow: University of Strathclyde, 1970). Mark Abrams, 'The Opinion Polls and the 1970 British General Election', The Public Opinion Quarterly, Vol. 34, No. 3, 1970, 317-324.

<sup>23</sup> David Butler & Michael Pinto-Duschinsky, The British General Election of 1970 (London: Macmillan Press, 1971), 6-23.

The devaluation harmed his leadership and caused sustained harm to the reputation of his government. As opinion polls indicated, 45% of people described the devaluation as a defeat for Britain and 85% of people feared a rise in the cost of living.<sup>24</sup> In the immediate aftermath of the 1970 election defeat Wilson put forward an accurate explanation for the result, arguing that “the improvement in our economic position, as in other ways, had not erased all the scars from the tough things we had to do”.<sup>25</sup> The economic problems and the tough measures implemented to deal with the crisis created a reputation of economic mismanagement, despite an economic recovery in late 1969. The underlying reason for the Conservative election victory in 1970 was the continual economic crisis from 1966 onwards.

The Conservatives in opposition also managed to create a distinctive set of policies and present themselves as a viable alternative to the government. At first the policy initiatives made little impact on the general public. However, over a few years and after the Selsdon Park Conference in 1969, the party succeeded in presenting an alternative vision to the press and public, which started to attract positive support, not just negative votes against Labour.

Heath, elected as leader of the Conservatives in August 1965, set in motion a major review of policy in an attempt to provide the contemporary public with a picture of how the Conservatives would run Britain. Heath always had to tread carefully between the centre ground, to achieve electoral success, and the right wing, in order to keep the party united, as well as present a clear alternative to Wilson’s centre left policies. The party promoted distinct right-wing economic policies, arguing for less government interference in industry, privatisation, tax reform, and greater competition. It also contained interventionist policies, such as on welfare and income, and thus balancing the centre and extreme right-wing factions of the party.<sup>26</sup> While this preparation helped to create a picture of a future Tory government, which in the long term helped Heath to win the election, they initially only made a small impact outside of party circles.

In the run-up to the general election, at the end of January 1970, the Conservative shadow cabinet met at the Selsdon Park Hotel in Croydon to discuss policy, which created increased public attention to the party’s programme. A large historical debate sprang out of this conference over the possible direction of Conservative policy. After the conference Wilson went on the offensive, creating the “Selsdon Man” image for Heath - portraying the conference as a move to the right and a break from the post-war consensus of Keynesian economics and support

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<sup>24</sup> Anthony King, British Political Opinion 1937-2000: The Gallup Polls (London: Politico’s Publishing, 2001), 330.

<sup>25</sup> Harold Wilson, The Labour Government 1964-1970: A Personal Record (London: Weidenfeld and Nicolson, 1971), 790.

<sup>26</sup> Conservative Central Office, Putting Britain right ahead: a statement of Conservative aims (London: Conservative Central Office, 1965), 1-23. This was presented to the Party Conference in 1965. Conservative Central Office, Make Life Better (London: Conservative Central Office, 1968). This was presented to the Party Conference in Blackpool in 1968.

for nationalised industries.<sup>27</sup> Some historians and right-wing Conservatives in the 1980s also saw the tone of the conference as representing proto-Thatcherism, and criticised Heath for failing to implement the new economic policies.<sup>28</sup> However, the actual transcripts of the conference and the 1970 election manifesto show that while the party adopted new free-market policies, it also held onto Heath's 'One Nation' Conservatism – supporting interventionist policies to promote social cohesion and welfare.<sup>29</sup> Nevertheless, the conference and Wilson's "Selsdon Man" gimmick created an image for the Tories which gave them a breakthrough in the public arena. This, combined with the steady erosion of support for Labour and the long term development of Conservative policy during 1966-1970, played a part in building a viable alternative to Labour.

The opinion polls and by-election and local election results showed both a swing towards the Conservatives and long term disapproval of the Labour government. The by-election results for the 1966-1970 Parliament are particularly revealing, with an eleven-seat gain for the Conservatives compared to a fifteen-seat loss for Labour. In 1967 the Conservatives took four seats from Labour, three of which showed the Conservative share of the vote increase from the previous election. Furthermore, for the first time since 1934 Labour lost control of the Greater London Council on 13 April 1967. In 1968 the average swing increased by over 20%, with the Tories gaining five seats from Labour. These results indicated the beginning of a change in public opinion.<sup>30</sup> A further string of results also displayed the reduced popularity of Labour. On 9 March 1967 the Conservatives won Glasgow Pollok from Labour, in which Labour lost 21% of the vote compared to the last election. On the same day Labour held onto Rhondda West, but lost an astonishing 27% of its majority. Five by-elections staged on 31 October 1969 reinforced the trend. The Conservatives largely maintained their vote from the 1966 election, and therefore the result showed the collapse of Labour's support.<sup>31</sup>

Beginning from mid to late 1967, the three major polls, Gallup Poll, National Opinion Poll (NOP), and the Opinion Research Centre (ORC), all showed the Conservatives leading Labour by 2-5% in voting intentions. This trend continued until February 1968 at which point all three polls showed that the Conservatives led the Labour Party by between 20-25%. The

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<sup>27</sup> Wilson, The Labour Government, 758-9

<sup>28</sup> Holmes, The Failure, x-xi & 5-6.

Campbell, Edward Heath, 264-267.

<sup>29</sup> Minutes; "Selsdon Park Conference"; 31 January 1970; The Margaret Thatcher Foundation [online]: <http://www.margaretthatcher.org/archive/>. Conservative Central Office, A Better Tomorrow (London: Conservative Central Office, 1970). Edward Heath, The Course of My Life: My Autobiography (London: Hodder & Stoughton, 1998), 301-302.

<sup>30</sup> Butler & Pinto-Duschinsky, The British General Election of 1970, 21 & 34. Edmund Tetteh, "Election Statistics: UK 1918-2007", House of Commons Library, Research Paper 08/12, 1 February 2008, 38 & 42-43.

<sup>31</sup> Wilson, The Labour Government, 722-723. Tetteh, "Election", 38 & 42-43. Conservative Research Department, Local Elections Guide 1968-1970 (Conservative Central Office, 1970).

Conservatives maintained an advantage in the opinion polls until May 1970.<sup>32</sup> This indicated a long term trend in favour of the Conservatives and a move away from the Labour government.

Labour staged a short term recovery in the opinion polls from May to June 1970, which encouraged Wilson to call an election on 18 May 1970; as Wilson noted: “the public opinion polls, for what they were worth, were moving steadily in our favour”.<sup>33</sup> On the final day election forecast, five of six polls showed a marginal Labour lead, and media outlets predicted that the Wilson government would retain power.<sup>34</sup> However, as seen in table 2 below, the Conservatives won the 18 June election.

**Table 2: British General Election Statistics, 18 June 1970<sup>35</sup>**

Column A	Column B	Column C	Column D	Column E	Column F
	Total	Conservative Party	Labour Party	Liberal Party	Others
<b>Electorate</b>	39,342,013	–	–	–	–
<b>Turnout</b>	72%	–	–	–	–
<b>Votes Cast</b>	28,344,798	13,145,123	12,178,295	2,117,033	196,019
<b>% of turnout</b>	–	46.4%	43%	7.5%	0.7%
<b>Parliamentary seats</b>	630	330	287	6	7

What explains the short term irregularity in the polls, from May to June 1970 in favour of Labour? The linkage between polls and current events is difficult to determine because of the simplified polls of the period. Apart from the technical deficiencies (for example the margin of error), the polls focussed on voting intentions and excluded opinions on political, economic, and social issues and breakdown of results by background. A factor in the short term bounce for Labour may have been the improvement in the economy in 1970, which had suffered since the 1967 devaluation. A strong correlation developed between economic and political indicators. As the current account balance of payments worsened, and thus the general UK economy suffered and the government received more negative coverage in the press, so the Conservative percentage lead over Labour in the polls increased.<sup>36</sup> Although the outcome of the election

<sup>32</sup> Rose, The Polls and the 1970 Election, 6-8. Also see Gallup Poll, The Gallup Election Handbook, June 1970: A Compilation of Statistics Covering British General Elections and By-elections, 1945-1970 (London: The Gallup Poll, 1970).

<sup>33</sup> Wilson, The Labour Government, 778. Denis Healey, The Time of My Life (London: Michael Joseph, 1989), 344. Minutes; CAB 128/45, CM (70) 23, 17 May 1970; NAUK.

<sup>34</sup> Rose, The Polls and the 1970 Election, 10.

<sup>35</sup> Tetteh, 'Election'. The statistics are based on election day results.

<sup>36</sup> Butler & Pinto-Duschinsky, The British General Election of 1970, 24.

surprised contemporary analysts, the long term trend in the polls showed an unpopular Labour government and a swing towards the Conservatives from 1967-1970.

### **(b) The Executive Office in the US and UK**

#### Nixon's Cabinet and White House Centralisation 1969-1974

Nixon implemented reforms to centralise foreign and domestic policy making in the White House. This trend had already begun in the post-war period of the imperial presidency, but the party divisions in the Congress created the need for the Nixon administration to work around the anti-Republican bloc. Both these factors created strong legislative-executive tension throughout the Nixon years. The new system meant that Nixon's political offices in the White House played a central role in policy formation and the conduct of international relations. This caused friction within the Nixon Administration, between his White House national security advisers and the secretaries of the Department of State and Department of Defense (DOD).

The most powerful figures in the Nixon administration were not members of the cabinet. These White House aides were not confirmed by the Senate nor obliged to stand before Congressional Committees for policy scrutiny. Henry Kissinger, the National Security Advisor (NSA) throughout the Nixon presidency, exerted more influence over foreign policy than the Secretary of State William Rogers (1969-1973) and the Secretary of Defence Melvin Laird (1969-1973). In 1973 Kissinger took over the State Department, approved by the Senate, and therefore subject to Congressional Committee interrogation. But he continued in his role as the NSA and continued to isolate the State Department. In the domestic field, H.R. Haldeman (White House Chief of Staff 1969-1973) and John Ehrlichman (Assistant to the President for Domestic Affairs 1969-1973) also exercised a high level of control in the administration.

The most significant institutional change of the Nixon presidency, the restructuring of the National Security Council (NSC), placed that body, and the NSA, at the heart of most decision making. This provided Nixon with tighter control over policy formation across the board, reducing the role played by federal government departments and the Congress. Nixon's restructuring resembled the Eisenhower NSC; it emphasised policy choices and long term planning, and it produced a strong institutional organisation with adequate funds and resources. The NSC thus received a revival in comparison to the Kennedy and Johnson administrations, which had opted for a system of consensus amongst many advisors in an informal, personal process.<sup>37</sup> The two key goals of the reformed NSC under Nixon were to retain power at the top and to construct clear policy options.

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<sup>37</sup> Richard Best, "The National Security Council: An Organisational Assessment", Congressional Research Service, Order Code RL30840, 5 December 2008, 7-14.

During the presidential transition period, from November 1968 to January 1969, Nixon's advisers worked on reforming the NSC, an indication of the key role foreign policy would play in the administration.<sup>38</sup> The two main issues addressed were (1) who would control the agenda, through the flow of policy papers and chairmanship of the committees and (2) how to build an efficient and non-bureaucratic system. The review decided that the old committee system, based around the State Department, should be scrapped. In its place would be a network of inter-agency committees chaired by the NSA, reporting back to the president, and hence cutting out State Department control. These new committees, at the core of the system, would produce policy studies, to be called National Security Study Memorandum (NSSM), which would provide a range of policy options, representing the different departmental and agency views. After consultation with Kissinger and the Cabinet level NSC, Nixon would issue a National Security Decision Memorandum (NSDM) – a directive of presidential policy issued to all relevant government departments. Through this new system, the NSA and the president could control the foreign policy agenda from the White House. Nixon privately approved the Kissinger scheme.<sup>39</sup>

Both the State Department and the DOD opposed the new NSC system, which threatened their power bases. Kissinger warned Nixon that “The State Department has now begun to object to the NSC procedures which you approved”.<sup>40</sup> The Under Secretary of State Elliot Richardson outlined the views of State, arguing that they should control the committee structure because of their experience, and that the changes would limit their ability to control foreign policy.<sup>41</sup> Laird objected, on behalf of the DOD, that “all intelligence inputs would be channelled through a single source” – i.e. Kissinger and the NSC staff.<sup>42</sup> But Laird's criticisms were Kissinger's objectives. Kissinger countered the arguments of State, telling Nixon that State officials were “inadequate to the task of planning” with “parochial interests” and that their past work displayed the department's “consistent failure” in planning and that they “obfuscated rather than clarified alternatives”.<sup>43</sup> Nixon overruled the objections from State and the DOD and planned for the implementation of a new system of centralised control.<sup>44</sup> When Rogers and the

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<sup>38</sup> Memo; Kissinger to Nixon; “A New National Security Council System”; December 1968; Box H-209; National Security Council (NSC) Institutional Files: Policy Papers: National Security Decision Memorandum (NSDM); NPM; NPL.

<sup>39</sup> Ibid. Memo; Kissinger to Nixon; “NSC Procedures”; 7 January 1969; Box H-209; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.

<sup>40</sup> Ibid.

<sup>41</sup> Ibid.

<sup>42</sup> Memo; Laird to Kissinger; “Your Memorandum dated on January 3 1969 concerning a new NSC System”; 9 January 1969; Box 1; Henry Kissinger Office Files: Transition Files; NPM; NPL.

<sup>43</sup> Memo; Kissinger to Nixon; “NSC Procedures”; 7 January 1969; Box H-209; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.

<sup>44</sup> Memo; Nixon to Kissinger; “Memorandum for Henry Kissinger”; 13 January 1969; NSDM 1; “Establishment of NSC Decision and Study Memoranda Series”; 20 January 1969; NSDM 2; “Reorganisation of the National Security Council System”; 20 January 1969; NSDM 3; “The Director, Coordination and Supervision of Interdepartmental Activities Overseas”; 20 January 1969; Box H-209; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.

State Department protested against the proposed changes to the NSC during the transition period in January 1969, Kissinger warned Nixon that “it would not be helpful to begin the Administration with a bureaucratic disagreement”.<sup>45</sup> However, members of the administration were already disagreeing, and this tension would remain throughout the Nixon period.

The split between the NSC and State soon received wide coverage in the press and in reports from foreign diplomats stationed in Washington, which undermined Rogers and increased the bureaucratic tensions in the administration. Early on, during the transition period, sections of the US media thought that State would be influential in forming policy. On 11 December 1968 Nixon introduced his cabinet to the public through a live television broadcast in Washington D.C., viewed by 42 million people.<sup>46</sup> Time Magazine saw the move as an “indication of Nixon’s intention to invest the Cabinet with more prestige and responsibility”.<sup>47</sup> The New York Times also saw early indications of a less centralised system. The paper reported in November 1968 that Nixon “plans stronger role for Cabinet”.<sup>48</sup> However, a conflict in policy making between State and the NSC soon became widely discussed. The New York Times wrote on their front page in January 1969 that “Nixon plans to convert the long dormant National Security Council into the central decision-making instrument of his Administration”.<sup>49</sup> Then less than a month into the new administration, Nixon faced questions at his second press conference, on 6 February 1969, with one journalist asking if the Secretary of State reported to the NSC.<sup>50</sup>

Diplomats also noted the bureaucratic divisions. In the build-up to the first formal meeting between the Nixon administration and the Heath government in July 1970, the British Ambassador in Washington, John Freeman, reported to the FCO that “while Mr. Rogers will certainly continue to be listened to in the White House, there are many fields of foreign policy...in which his influence is unlikely to prevail over that of the White House Staff”.<sup>51</sup> By 1971 the new British Ambassador in Washington, Lord Cromer, devoted an entire report to the growing rift in foreign policy making, warning the FCO that “we shall have to be more careful than ever...when we have dealings with the White House”.<sup>52</sup> The speculation from government officials and the press created complications in diplomatic relations, as officials tried to figure

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<sup>45</sup> Memo; Kissinger to Nixon; “NSC Procedures”; 7 January 1969; Box H-209; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.

<sup>46</sup> “Nixon Cabinet”, ABC Evening News for 11 December 1968, Vanderbilt Television News Archive [online]: <http://tvnews.vanderbilt.edu/program.pl?ID=852>. Also see “Transcript of Nixon’s Program on Television Introducing His Cabinet Members”, New York Times, 12 December 1968, 37. The broadcast had 42 million viewers according to “Nixon Administration; A Cabinet to Deal with Three Key Issue”, New York Times, 15 December 1968, E1.

<sup>47</sup> “A New Administration Takes Shape”, Time Magazine, 20 December 1968.

<sup>48</sup> “Nixon Rules Out Agency Control by Staff Aides”, New York Times, 14 November 1968, 1.

<sup>49</sup> “Nixon to Revive Council’s Power; Aims to Give Security Board Decision Making Role it had under Eisenhower”, New York Times, 1 January 1969, 1.

<sup>50</sup> George Johnson (Editor) The Nixon Presidential Press Conferences (London: Heyden, 1978), 16-17.

<sup>51</sup> Telegram; Freeman to FCO; “Notes for Visit of Mr. Rogers”; 6 July 1970; FCO 7/1828; NAUK.

<sup>52</sup> Newsletter; Cromer to Sir Dennis Greenhill (Permanent Under-Secretary of the FCO); “The White House and the State Department”; 30 March 1971; FCO 82/43; NAUK.

out whom in the US administration to consult with in the different policy areas. This also added to the internal political disagreements in the administration.

Although the NSC played a key role, policy making in the formal institutions and systems was often a subtle and incoherent process, in contrast to the clear, straightforward history presented in both the orthodox and revisionist schools of Nixon historiography.<sup>53</sup> With an abundance of new primary evidence it can be noted that Nixon and Kissinger did not rigidly follow a grand plan or blueprint when forming policy. In the first two years of the administration, from 1969-1970, most agencies and government departments had the opportunity to formulate opinions in the various NSC committees and policy reviews. But eventually, Nixon and Kissinger spent less time operating in the NSC, instead opting for personal discussions, although still taking into account the NSC studies. From 1973, Nixon, occupied with the Watergate scandal, left Kissinger to deal with many foreign policy issues outside of the formal NSC structure.

Nixon also sought to improve the White House system for policy formation and implementation of domestic projects. The most significant reform created the Domestic Council, under the direction of John Ehrlichman, and converted the Budget Bureau into the Office of Management and Budget (OMB), headed by George Shultz. The Domestic Council focussed on policy formation, which Nixon called “a domestic counterpart to the National Security Council”.<sup>54</sup> These two organisations, working closely together, were key domestic policy and implementation forums.

#### Heath's Cabinet and Whitehall 1970-1974

Heath took steps in government to structurally reorganise Whitehall, in an attempt to strengthen the policy making machine and increase the power of the Prime Minister's Office. However, the British cabinet officially remained the most powerful institution, and thus Whitehall departments maintained a strong presence in policy making. Heath established the Central Policy Review Staff (CPRS) and remodelled departments, in an attempt to create long term strategic policy making across Whitehall and prevent the domination of departmental interests. Several historical studies into the role of the CPRS and Heath's centralising reforms were inconclusive on the exact nature and influence of the changes because of the lack of public

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<sup>53</sup> Andrianopoulos, Western Europe in Kissinger's. Nutter, Kissinger's Grand Design. Thornton, The Nixon-Kissinger Years.

<sup>54</sup> Richard Nixon, 'Reorganisation Plan No. 2 of 1970', Public Administration Review, Vol. 30, No. 6, 1970, 612. John Ehrlichman, Witness to Power: The Nixon Years (New York: Simon & Schuster, 1982), 92-93. Also see Stephen Hess, Organising the Presidency (Washington D.C.: Brookings Institute, 1988), 123-126.

information.<sup>55</sup> The released government papers show structural flaws in Heath's bureaucratic reforms, thus explaining their lack of influence on policy making.

The UK had influential decision makers outside of the cabinet, and not elected. For example, Sir Burke Trend built up huge influence throughout Whitehall in the 1960s and early 1970s.<sup>56</sup> Trend became the Cabinet Secretary in 1963, serving with four Prime Ministers: Harold Macmillan, Alec Douglas-Home, Harold Wilson and Heath. With Heath, Trend advised on all issues, and played a key role in organising, preparing and participating in high-level meetings with the Nixon administration, playing a key advisory role 1970- 1973.<sup>57</sup> Heath's Principal Private Secretary Robert Armstrong also exerted influence.<sup>58</sup> Heath's private office team, although significantly smaller than what Nixon had at the White House, still played a crucial advisory function behind the scenes.<sup>59</sup>

The cabinet's period of greatest influence in the Heath government came between 1970 and 1972. But with the onset of short term crises, such as the collapse of the Bretton Woods system in August 1971, Heath frequently turned to an inner circle of advisers. He left the prominent Euro-sceptics on the back-benches and filled the cabinet with pro-European MPs.<sup>60</sup>

Some historians, contemporary commentators, and politicians thought that the Heath cabinet lacked heavyweights.<sup>61</sup> Heath had thought of the Chancellor of Exchequer Ian Macleod as the government's 'biggest hitter', but he died on 20 July 1970, which added to the perception of a weak cabinet.<sup>62</sup> However, the cabinet did include some important senior Tories, who were also members of Heath's inner circle, and they played a prominent role, 1970-1974. Alec Douglas-Home, appointed to the key position of Secretary of State for Foreign and Commonwealth Affairs, had first held that position under the Macmillan government, and then became Prime Minister in 1963. Throughout the Heath period Douglas-Home continued to maintain close relations with the US while also seeking membership of the EC.<sup>63</sup> Lord

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<sup>55</sup> Christopher Pollitt, 'Central Policy Review Staff 1970-1974', Public Administration, Vol. 52, No. 4, 1974, 375-392. Christopher Pollitt, 'Rationalizing the Machinery of Government: The Conservatives, 1970-1974', Political Studies, Vol. 28, No. 1, 1980, 84-98. Simon James, 'The Central Policy Review Staff, 1970-1983', Political Studies, Vol. 34, No. 3, 1986, 423-440. Peter Hennessy, Whitehall (London: Secker & Warburg, 1989), 209-243. Ball & Seldon, eds., The Heath Government, 47-74. Dennis Kavanagh & David Richards, 'Departmentalism and Joined-Up Government: Back to the Future?', Parliamentary Affairs, Vol. 54, No.1, 2001, 1-18.

<sup>56</sup> Hennessy, Whitehall, 212-213.

<sup>57</sup> John Hunt replaced Burke Trend as Cabinet Secretary in 1973. See PREM 15/2014 ; NAUK. Hennessy, Whitehall, 220.

<sup>58</sup> Douglas Hurd, An End to Promises: Sketch of a Government 1970-74 (London: Collins, 1979), 32. Heath's Political Secretary.

<sup>59</sup> Heath, The Course, 311-313.

<sup>60</sup> Minutes; CAB 128/47; CM (70) 1; 23 June 1970; NAUK.

<sup>61</sup> Peter Rawlinson, A Price Too High: An Autobiography (London: Weidenfeld & Nicolson, 1989), 181. Cecil King, The Cecil King Diary 1970-1974 (London: Jonathan Cape, 1975), 15. John Ramsden, The Winds of Change: Macmillan to Heath 1957-1975 (London: Longman, 1996), 319-324. Margaret Thatcher, The Path to Power (London, Harper Collins, 1995), 195 & 202.

<sup>62</sup> Heath, The Course, 310.

<sup>63</sup> Lord Home, The Way the Wind Blows: An Autobiography (London: Collins, 1976), 148, 155 & 176.

Carrington, who had also been in the Macmillan government, took charge of the MOD. He had supported Britain's application to join the EEC, which he continued to do so under Wilson and Heath.<sup>64</sup> The other vital member of the Heath cabinet, Geoffrey Rippon, the Chancellor of the Duchy of Lancaster (CDL), also featured in Heath's inner circle. He had the task of negotiating Britain's entry into the EC at the ministerial level. Like Heath, Rippon's support for European cooperation can be traced as far back as 1956, when he supported the creating of the EEC.<sup>65</sup> Therefore the cabinet contained some influential members, who contributed towards decision making 1970-1974.

Heath geared Whitehall's machinery towards the EC membership negotiations. While meetings of the cabinet were reserved for substantive debate and decisions, the detailed consideration of particular issues were usually dealt with by Cabinet Committees. On 26 June 1970 Heath re-established and re-structured the 'Ministerial Committee on the Approach to Europe', chaired by Douglas-Home, which did a substantial amount of work in preparing for the negotiations, most of which actually took place under Wilson.<sup>66</sup> Also important was the Defence and Overseas Policy Committee (DOP), a cross-Whitehall ministerial committee chaired by Heath, which played a part in developing policy throughout this period.<sup>67</sup>

In September 1971 Heath created a new "inter-departmental unit" to develop European policy, located in the Cabinet Office and which reported to the prime minister, which caused a degree of institutional conflict and confusion. Following the resolution of the main obstacles in the EC negotiations, Heath sought to redirect European policy making away from the negotiation phrase to working as a member of the EC. Heath sent a directive to the cabinet on 6 August 1971 on the new "approach to Europe", which said that: "in all major problems of policy, whether political, economic or strategic in character, we have to learn to think European".<sup>68</sup> Heath ruled out the creation of a "European Department" to achieve the new approach to British European policy because the directive needed to be applied to the whole of Whitehall.<sup>69</sup>

Furthermore, the ministerial responsibilities for Europe, as a member of EC, needed to be arranged. Thus Heath moved the CDL out of the FCO into the Cabinet Office, where Geoffrey Rippon, playing a more central, non-departmental role, would supervise a new

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<sup>64</sup> Peter Carrington, Reflect on Things Past: The Memoirs of Lord Carrington (London: Collins, 1988), 311.

<sup>65</sup> 561 H.C. Deb. 142, 26 November 1956.

<sup>66</sup> Memo; "Composition and Terms of Reference"; CAB 134/2596 AE (70) 1, Ministerial Committee on the Approach to Europe; 26 June 1970; NAUK. O'Neill, Britain's Entry, 45-48. Officials prepared a 17 page report for the Heath government, summarising the findings of the committee under the Wilson government, found at CAB 164/485; NAUK.

<sup>67</sup> Memo; "Composition and Terms of Reference"; 26 June 1970; CAB 148/101 DOP (70) 1, Defence and Overseas Policy Committee (DOP); NAUK.

<sup>68</sup> Memo; "The European Economic Communities"; CAB 129/158 CP (71) 100, Cabinet Memorandum; 2 August 1971; NAUK.

<sup>69</sup> Ibid.

European unit; he would “report direct to the Prime Minister” during the negotiations.<sup>70</sup> Then as a member state of the EC, the British representative on the Council of Ministers would be the FCO Secretary, while the CDL would be responsible for co-ordinating the views of Whitehall departments.<sup>71</sup> Essentially, the move divided the EC ministerial responsibilities, which increased the influence of the prime minister over the FCO in the European field and caused some confusion over spheres of influence.<sup>72</sup> The FCO opposed the move. Douglas-Home wrote to Heath, arguing that being a member of the EC would require continual diplomatic negotiations between the EC countries and other countries, and hence a European minister should be based in the FCO.<sup>73</sup> Moreover, the move “could have divisive effects on policy”.<sup>74</sup> But they were overruled by Heath, in order to avoid having a narrow focus in EC affairs.<sup>75</sup>

Heath reviewed the situation in July 1973, six months after joining the EC. The new Cabinet Secretary, John Hunt, reported that tensions continued to exist between the FCO and the new CDL John Davies at the Council of Ministers, where the “arrangements have not worked...the regular appearance of two ministers has not helped our image...there has been no feeling of reliability”.<sup>76</sup> The arrangements were maintained and thus friction over the control of European policy continued.

The other key policy making reform of the Heath years, the creation of the CPRS, failed to have a significant impact on the nature of policy making in Whitehall. Nicknamed the “Think-Tank”, the government introduced the CPRS in the White Paper “The Reorganisation of Central Government” on 15 October 1970.<sup>77</sup> The move formed a part of Heath’s “new style of Government” which focussed on long term changes and systematic policy making.<sup>78</sup> The objectives of the CPRS contained some resemblance to the NSC in the US executive office. The idea of a “central capability”, developed in opposition by Heath and the Parliamentary Secretary David Howell, gained the support of Burke Trend and William Armstrong, on the basis that the CPRS would be in the Cabinet Office, responsible to the cabinet and not a framework for a Prime Minister’s Department, which would have reduced the influence of the Civil Service

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<sup>70</sup> Press Announcement; August 1971; PREM 15/151; NAUK.

<sup>71</sup> Memo; “Ministerial Responsibilities in Europe”; 9 October 1972; PREM 15/1512; NAUK.

<sup>72</sup> Memo; Robert Armstrong to Heath; “Minister for Europe”; 4 October 1972; PREM 15/1512; NAUK.

<sup>73</sup> Letter; Douglas-Home to Heath; “Ministerial Responsibilities in Europe”; 4 October 1972; PREM 15/1512; NAUK.

<sup>74</sup> Letter; Antony Acland (FCO Private Secretary) to Robert Armstrong; 10 October 1972; PREM 15/1512; NAUK.

<sup>75</sup> Letter; Robert Armstrong to Heath; “Minister for Europe”; 4 October 1972; PREM 15/1512; NAUK.

<sup>76</sup> Letter; John Hunt (Cabinet Secretary) to Robert Armstrong; 6 July 1973; PREM 15/1512; NAUK.

<sup>77</sup> The Reorganisation of Central Government, Cmnd. 4506, October 1970.

<sup>78</sup> Conservative Central Office, A Better Tomorrow. Also Heath, My Style of Government (London: Evening Standard, 1972). Memo; “The Central Capability: Note by the Prime Minister”; 12 August 1972; PREM 15/406; NAUK.

Department and Cabinet Secretariat. This resulted in a watered down version of a “central capability”, and thus created a more informal, multidisciplinary policy unit.<sup>79</sup>

Eventually established on 1 February 1971, the CPRS, situated in the Cabinet Office, actually reported directly to Heath and represented a small step towards prime ministerial government. The No. 10 staff remained about the same size as under the Wilson government, but the CPRS acted as Heath’s private policy unit, and thus, in effect, an expansion of his resources. The directorship of the CPRS went to Victor Rothschild.<sup>80</sup> The CPRS comprised only 20 members (not including administrative staff), half of which were civil servants and the other half outsiders, mainly from business and academia.

Although Heath thought of it as “a new departure in Government”<sup>81</sup> and “one of the best innovations of my years at No. 10”<sup>82</sup>, the CPRS lacked the statutory authority and cabinet representation to stand alone and compete against well established departments, like the Treasury and the Department of Trade and Industry, who complained that the CPRS interfered in their business.<sup>83</sup> The structure and resources of the think-tank made it dependent on information and cooperation from other Whitehall departments, and thus contributed towards its failure to change the nature of policy making in Whitehall, which still centred on departmental policy making.

### **(c) Executive-Legislative Relationship:**

#### **The Balance of Power in the US and UK**

##### US Executive-Legislative Balance of Power 1969-1975

Nixon took office in 1969 at a peak of presidential power, but he encountered a re-assertive Congress. This ‘reassertion’ increased the short term legislative battles between the White House and Congress. It put immediate pressure on Nixon, although only in the long term, in certain areas, has it proved effective in balancing executive-legislative power. The actual relative power between the executive and legislative has shifted from the Congress to the White House. In 1885 Woodrow Wilson noted and criticised the overwhelming power of the Congress in his book Congressional Government.<sup>84</sup> But by the early 1970s the system had been transformed and a strong “imperial” presidency dominated over the constitution system. Some

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<sup>79</sup> Tessa Blackstone & William Plowden, Inside the Think Tank: Advising the Cabinet 1971-1983 (London: William Heinemann, 1988), 10. Also Heath, The Course, 316.

<sup>80</sup> Letter; William Armstrong to Heath; “The Central Capability”; 17 December 1970; PREM 15/406; NAUK. Lord Rothschild, Meditations of a Broomstick (London: Collins, 1977), 89.

<sup>81</sup> Memo; “The Central Capability: Note by the Prime Minister”; 12 August 1970; PREM 15/406; NAUK.

<sup>82</sup> Heath, The Course, 316.

<sup>83</sup> Letter; Anthony Part (Permanent Secretary of the DTI) to Trend; 1 March 1971; CAB 164/998; NAUK.

<sup>84</sup> Woodrow Wilson, Congressional Government: A Study in American Politics (New York: Dover, 2006), 7-17.

historians, such as Arthur Schlesinger, have criticised the 1970s ‘reassertion’ as weak and ineffective.<sup>85</sup> On the “most publicised shackle of all”, the War Powers Act (discussed below), Schlesinger thought that it “turned out to be a toy handcuff”.<sup>86</sup> Robert Dallek supported that view in his recent study, saying that “The act did less to inhibit the presidency than to demonstrate that Nixon had lost his capacity to govern”.<sup>87</sup> On the other side of the debate, Nixon, and subsequent presidents, claimed that the Congressional ‘reassertion’ amounted to a substantial and harmful reduction of executive power.<sup>88</sup> Kissinger argued that it undermined the US threat of force against the Soviet Union.<sup>89</sup> It is argued here that the Congress did not “shackle” the presidency and the comprehensive reforms were not meaningless. But in most cases the Congress acted too late to have an impact on Nixon. The three areas of contention were over war making powers, oversight powers, and budget powers, all of which are important factors to consider in this diplomatic history.

Another important factor to note in this area is the Watergate scandal. It started with a burglary at the Democratic National Committee headquarters at the Watergate office building in Washington, D.C. on 17 June 1972, when five people were arrested, all connected to Nixon’s Committee to Re-elect the President. This led to a political scandal from March 1973 after White House officials were implicated in the case, leading to impeachment proceedings, prosecutions, and Nixon’s eventual resignation on 8 August 1974. Along with the conspiracy and criminal charges, Congress was also aggrieved by presidential abuses of power. In the orthodox Nixon histories, Watergate tended to overshadow all else. In the 1990s the argument shifted, with Nixon revisionists like Joan Hoff arguing that “Nixon is more than Watergate”.<sup>90</sup> In both cases they tended to overlook the broader balance of power in the system.

Public opinion on the Watergate scandal added more weight to the reassertion from 1973-1974. The polls indicated that the public turned against Nixon after the administration was linked to Watergate in March 1973, and with mid-term elections approaching in 1974, members of Congress were focussed on constituency concerns and public opinion. During Nixon’s first term (January 1969-January 1973) his average job approval rating was 55.8%, reaching a peak of 67% in November 1969 (after his “Address to the Nation on the War in Vietnam” on 3 November 1969) and January 1973 (when the administration ended the Vietnam War). But just four months later, by April 1973, Watergate had halved his approval rating, tumbling to 30%.

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<sup>85</sup> Arthur Schlesinger, The Imperial Presidency (New York: Mariner Books, 2004), 420-435. Also see Arthur Schlesinger, Journals 1952-2000 (New York: Penguin Press, 2007), 374. Thomas Cronin, ‘A Resurgent Congress and the Imperial Presidency’, Political Science Quarterly, Vol. 95, No. 2, 1980, 216-217. Harvey Zeidenstein, ‘The Reassertion of Congressional Power: New Curbs on the President’, Political Science Quarterly, Vol. 93, No. 3, 1978, 394-396.

<sup>86</sup> Schlesinger, The Imperial Presidency, 433. Originally published in 1973, these comments come from the 1989 epilogue of the book.

<sup>87</sup> Robert Dallek, Nixon and Kissinger: Partners in Power (New York: Harper Collins, 2007), 520.

<sup>88</sup> Richard Nixon, The Memoirs of Richard Nixon (New York: Grosset & Dunlap, 1978), 889.

<sup>89</sup> Henry Kissinger, Year of Upheaval (Boston: Little Brown, 1982), 510 & 582.

<sup>90</sup> Hoff, Nixon, 4.

His second term average job approval rating (January 1973-August 1974) fell to 34.4%, the lowest ever for a post-war second term president. By August 1974, his ratings had slumped to just 24%, the second lowest in post-war history, which put pressure on Nixon to resign and for the Congress to respond.<sup>91</sup> Watergate spurred on the Democratic-controlled Congress, backed by public opinion, to take action against presidential abuses, and therefore Watergate had an influence on the Congressional reassertion from 1973-1974. However, the confrontation over policy making had actually begun before the 1972 break-in.

The war making powers took central stage in the Congressional-Executive legislative disputes under Nixon. The Constitution states that the president shall be the Commander in Chief of the US military forces. But it also states that Congress has the power to declare war and has the 'power of the purse'; this was the greatest influence that the Congress had over the direction of foreign policy. However, presidents in the post-war period went to war without Congressional approval, such as President Truman in Korea (1950-1953), and the Vietnam War in the 1960s under Kennedy and Johnson. The Senate Foreign Relations Committee, a powerful committee charged with overseeing foreign policy legislation, called on the Senate to reassert its role in war and foreign policy making on 16 April 1969.<sup>92</sup> This reflected a widespread belief amongst Senators that the executive had sidelined the Congress in the area of war. The Congress and the Nixon White House particularly clashed over the deployment of US military forces in Indochina.

The anti-war movement and mass public opinion on the home front played a part in this debate, which added domestic pressure on the Nixon administration. It developed early on in the conflict, picking up momentum from late 1964, and building a large base on college campuses.<sup>93</sup> Two events particularly put pressure on Nixon. The first, the Moratorium to End the War in Vietnam (15 October 1969 and 15 November 1969), attracted a few million protesters, significantly larger than the demonstrations in the mid-1960s and with a broader base than the usual campus protest.<sup>94</sup> The second, the Kent State demonstration on 4 May 1970, formed a part of the surge of campus protest against the expansion of the war into Cambodia. The Ohio State National Guard killed four students. This in turn caused more demonstrations against the Kent State "Massacre". This all created the image of an administration under siege.<sup>95</sup>

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<sup>91</sup> "Presidential Approval Ratings: Gallup Historical Statistics and Trends", Gallup [online], <http://www.gallup.com/poll/116677/presidential-approval-ratings-gallup-historical-statistics-trends.aspx>

<sup>92</sup> Senator Fulbright, 'Amendment of the Foreign Military Sales Act', Congressional Record, 116:11 (13 May 1970), 15398. Chaired by Senator William Fulbright (D-AR) from 1959-1974.

<sup>93</sup> "Student group proposes major protest against Vietnam policy", New York Times, 14 June 1965, 16. "Student survey shows 38,911 stage 221 protests", New York Times, 27 August 1968, 33.

<sup>94</sup> "How Moratorium Grew Into Nationwide Protest", New York Times, 12 October 1969, E1.

<sup>95</sup> Nixon, The Memoirs, 455-457. President's Commission on Campus Unrest, The Report of the President's Commission on Campus Unrest (Washington: U.S. Government Printing Office, 1970). Also known as the Scranton Commission Report.

The movement spread into the cultural field, with hundreds of folk and popular protest (or “topical”) songs released, documentary films made, and books written against the war, for example Norman Mailer’s portrayal of the 1967 “March on the Pentagon” in his 1968 novel The Armies of the Night.<sup>96</sup> Within three weeks of the Kent State shooting the super-group Crosby, Stills, Nash & Young had recorded the song “Ohio”, composed by Neil Young, reaching the top end of the US charts, which attacked the president: “Tin soldiers and Nixon’s coming; Four dead in Ohio”.<sup>97</sup> But it is rarely mentioned that many more “patriotic songs” appeared than “protest songs” which supported the war effort, particularly in the country music genre.<sup>98</sup>

However, despite all the well attended anti-war demonstrations, throughout most of the conflict the protest movement was actually a minority and mass public opinion supported presidential policy.<sup>99</sup>

Nevertheless, public and elite opinion did change on the Vietnam War.<sup>100</sup> The majority of the protest movement at the beginning were morally opposed to the war. But mass public opinion eventually started to support withdrawal under Nixon because of the military failures.<sup>101</sup> Secondly, by the 1968 presidential election race, important opinion makers from Nixon to Robert Kennedy had called for an end to the war, and thus it was no longer unpatriotic or controversial to support the anti-war movement or withdrawal from Vietnam.<sup>102</sup> Therefore, public opinion influenced policy makers and the elite influenced public opinion. The anti-war

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<sup>96</sup> Norman Mailer, Armies of the Night: History as a Novel, The Novel as History (New York: New American Library, 1968). For a filmography see Linda Dittmar & Gene Michaud, From Hanoi to Hollywood: The Vietnam War in American Film (London: Rutgers University Press, 1990), 350-372. For literature see Peter McInerney, “‘Straight’ and ‘Secret’ History in Vietnam War Literature”, Contemporary Literature, Vol. 22, No. 2, 1981, 187-204.

<sup>97</sup> CSN&Y, “Ohio / Find the Cost of Freedom” (Atlantic 2740; 7” Vinyl; 45rpm; USA issue; June 1970).

<sup>98</sup> “The Vietnam Conflict Spawning Heavy Barrage of Disk Tunes”, Billboard Magazine, 4 June 1966, 1 & 10. James Perone, Songs of the Vietnam Conflict (Westport, CT: Greenwood, 2001). Lee Andresen, Battle Notes...Music of the Vietnam War (Superior, WI: Savage Press, 2003). David James, “The Vietnam War and American Music” in John Carlos Rowe & Rick Berg (Editors), The Vietnam War and American Culture (New York: Columbia University Press, 1991), 227-254. Justin Brummer, The Vietnam War Song Project [online]: [http://rateyourmusic.com/list/Gershwin/vietnam\\_war\\_song\\_project](http://rateyourmusic.com/list/Gershwin/vietnam_war_song_project)

<sup>99</sup> Hazel Erskine, “The Polls: Is War a Mistake?”, The Public Opinion Quarterly, Vol. 34, No. 1, 1970, 134-150. Sidney Verba & Richard Brody, “Participation, Policy Preferences, and the War in Vietnam”, The Public Opinion Quarterly, Vol. 34, No. 3, 1970, 325-332. Howard Schuman, “Two Sources of Antiwar Sentiment in America”, The American Journal of Sociology, Vol. 78, No. 3, 1972, 513-536. Lunch & Sperlich, “American Public Opinion”, 21-44. Benjamin Page & Richard Brody, “Policy Voting and the Electoral Process: The Vietnam War Issue”, The American Political Science Review, Vol. 66, No. 3, 1972, 979-995. See “81% Feel US Faces Long War: Public Opinion on Vietnam Policy”, Washington Post, 16 May 1967, A8. Also see “Americans on the War Divided, Glum, Unwilling to Quit”, Time Magazine, 31 October 1969.

<sup>100</sup> Lunch & Sperlich, “American Public Opinion”, 22.

<sup>101</sup> Schuman, “Two Sources of Antiwar Sentiment”, 513.

<sup>102</sup> “Nixon Vows to End War with a New Leadership”, New York Times, 6 March 1968, 1. “Kennedy Asserts US Cannot Win”, New York Times, 9 February 1968, 1. “Rockefeller Gives Four-Stage Plan to End the War”, New York Times, 14 July 1968, 1. “Mansfield Pushes For a Prompt Peace”, New York Times, 24 August 1968, 3. “Humphrey Favors a Cease-Fire Now”, New York Times, 23 June 1968, 1.

movement and public opinion limited the amount of time that Nixon had to pursue his Vietnam policy.<sup>103</sup>

Congress had an important influence on Nixon's Indochina policy through a series of Congressional bills and amendments between 1970 and 1973, which sought to restrict US military operations in Vietnam, Cambodia, and Laos. This applied consistent pressure on the Nixon administration.<sup>104</sup> Nixon's incursion into Cambodia from April to June 1970 triggered the proposals.<sup>105</sup> The anti-war bloc in Congress cleared its first restriction, the Cooper-Church Amendment, with the president's signature on 5 January 1971. It prohibited the use of funds appropriated by any act "to finance the introduction of United States ground troops into Cambodia".<sup>106</sup> It thus prevented Nixon from re-sending troops into Cambodia - Nixon had already withdrawn all US troops by 30 June 1970. However, the act did not mention air bombing and shipping activities which continued. It also did not mention other areas of Indochina, such as Laos and Vietnam. But it represented the first major legislative restraint on Nixon's actions in Indochina and it became a symbolic act of Congressional war power.

Following the signing of a peace agreement in January 1973, Congress built on the Cooper-Church amendment, passing four funding restrictions, in order to prevent any renewed conflict.<sup>107</sup> All of them were attached to appropriation bills, which extended the prohibition of using any Congressional funds for "combat in or over or from off the shores of North Vietnam, South Vietnam, Laos or Cambodia" by 15 August 1973. Bombing stopped on that date, and therefore Congress succeeded in influencing policy. Nixon viewed the bombing cut-off as a "reckless act", telling Senator Leader Mike Mansfield that now the North Vietnamese "are free to launch a military offensive in other areas of Indochina".<sup>108</sup> This further illustrates the direct impact of Congressional action on Nixon's Vietnam strategy.

But how did Nixon manage to hold off the Congress and the anti-war movement for so long on the Vietnam issue? Between 1970 and 1973, twelve other attempts to restrict Nixon's Vietnam policy failed to pass through the Congress because of disagreements between members of Congress and the threat of a presidential veto. Many of the Democratic Party members of

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<sup>103</sup> Telephone conversation (Telecon); Kissinger to Nixon; 12 October 1970; Box 7, File 2; Kissinger Telecons: Chronological File; NPM; NPL. Nixon, The Memoirs, 403.

<sup>104</sup> Amy Belasco et al., "Congressional Restrictions on U.S. Military Operations in Vietnam, Cambodia, Laos, Somalia, and Kosovo: Funding and Non-Funding Approaches", Congressional Research Service, Order Code RL33803, 16 January 2007, 6-27.

<sup>105</sup> Gregory Olson, Mansfield and Vietnam: A Study in Rhetorical Adaptation (Michigan: Michigan State University Press, 1995), 218.

<sup>106</sup> Cooper-Church Amendment, Section 7 (a), Special Foreign Assistance Act of 1971, Public Law 91-652, 91<sup>st</sup> Congress, H.R. 19911, 5 January 1971.

<sup>107</sup> Section 108, Making Continuing Appropriations for the Fiscal Year 1974 and for Other Purposes, Public Law 93-52, 93<sup>rd</sup> Congress, H.J. Res. 636, 1 July 1973. Section 304 and Section 307, Second Supplementary Appropriations Act, Public Law 93-50, 93<sup>rd</sup> Congress, H.R. 9055, 1 July 1973. Continuing Appropriations, Public Law 93-124, 93<sup>rd</sup> Congress, H.J. Res. 727, 16 October 1973. Church-Case Amendment, Section 13, Department of State Appropriations Authorisation Act of 1973, Public Law 93-126, 93<sup>rd</sup> Congress, H.R. 7645, 18 October 1973.

<sup>108</sup> Nixon, The Memoirs, 888-889.

Congress were elected in states that went Republican in the presidential election, and were thus cautious about calling for an immediate withdrawal or setting a time-table as many of these bills and amendments attempted. Nixon also had the “great silent majority” in the heartland which elected him in 1968 and 1972, and who apparently supported his ‘Vietnamisation’ policy. The “silent majority” may not have actually existed, but Nixon skilfully used the concept of it in holding off the anti-war movement (in the streets and Congress).

The debate in Congress over US force levels also spilled into the European arena, where the US made a large contribution to the defence of Europe and the North Atlantic Treaty Organisation (NATO). In turn, the Congressional threat of a US withdrawal from Europe became a major issue in US-European and Anglo-American relations (see chapter 2).<sup>109</sup> After 1973 the Congress also managed to institutionally curb the president’s power to go to war, through the War Power Act, after a three year battle with Nixon. The act created an important symbol of Congressional war power in the immediate term. However, Congress enacted the Bill too late to influence Nixon’s policy in war zones.<sup>110</sup>

The next area of executive-legislative contention involved Congressional oversight of the president’s role in making international treaties, national emergencies, and intelligence gathering. On the issue of international treaties, diplomacy needed be conducted “by and with the advice and consent of the Senate”.<sup>111</sup> Thus, treaties had to be reported to the Congress. However, from 1969 to 1970, the Congress investigated contemporary examples of secret agreements and discovered several which committed US financial resources and opened the possibility for US military intervention.<sup>112</sup> Nixon also conducted secret diplomacy under “executive privilege” – a prerogative allowing the president to withhold information from the Congress, which he invoked a record 27 times.<sup>113</sup> The actions of Nixon and his predecessors stirred Congressional disapproval, leading to the 1972 Case-Zablocki Act, which sought oversight in the area. But the bill had weak enforcement instruments.<sup>114</sup> The Congress also

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<sup>109</sup> US Senate, ‘Reduction of United States military forces in Europe’, Congressional Record, 117:11 (11 May 1971), 14398.

<sup>110</sup> House Joint Resolutions, ‘H.J. 542 – Concerning the war powers of Congress and the President’, Congressional Record, 119:34 (3 January 1973 to 22 December 1973), 2231. War Powers Act, Public Law 93-148, 93<sup>rd</sup> Congress, H.J. Resolution 542, 7 November 1973.

<sup>111</sup> The Constitution, Article II, Section 2.

<sup>112</sup> See the Symington Subcommittee (subcommittee of the Senate Foreign Relations Committee), Chaired by Senator Stuart Symington (D-MO). Senator Clifford Case (R-NJ), ‘Transmittal to Congress of international treaties’, Congressional Record, 118:4 (16 February 1972), 4089.

<sup>113</sup> Dominic Sandbrook, “Salesmanship and Substance: The Influence of Domestic Policy and Watergate”, in Nixon in the World, eds., Logevall & Preston, 86.  
Senator Clifford Case (R-NJ), ‘Transmittal to Congress of international treaties’, Congressional Record, 118:4 (16 February 1972), 4089. The Case-Zablocki Act, Public Law 92-403, 92<sup>nd</sup> Congress, Senate Bill 596, 16 February 1972. US Senate, ‘Transmittal to Congress of international treaties’, Congressional Record, 118:4 (16 February 1972), 4094. House of Representatives, ‘Transmittal of executive agreements to Congress’, Congressional Record, 118:21 (14 August 1972), 28085-28087.

reasserted its control of oversight on national emergency laws, but this came too late to have a direct effect on the Nixon administration.<sup>115</sup>

The oversight of intelligence institutions, another area of confrontation between the Congress and White House, increased the domestic pressure that Nixon faced. Congress complained about Nixon's abuse of intelligence for political purposes, the lack of information on intelligence operations and its influence on policy making, from institutions like the Central Intelligence Agency (CIA).<sup>116</sup> But Congress did not succeed in strengthening Congressional oversight of intelligence while Nixon occupied the White House, with the first reforms only passed in 1974.<sup>117</sup>

Budget powers were the final major area of contention between Congress and the White House during the Nixon years. The Constitution states that the Congress has the power of the purse.<sup>118</sup> However, most presidents have used the budgeting procedure "impoundment" – this allowed the executive to not spend money appropriated by Congress.<sup>119</sup> The main purpose of impoundment was to make savings due to changing events (for example in war) or for managerial efficiency. Prior to 1969, impoundments were uncontroversial because they did not challenge Congressional spending priorities and the quantities were small. Under Nixon, impoundment reached unprecedented monetary levels, as well as being connected to over 100 different programs, in Nixon's attempt to take greater control of the domestic agenda.

Through the OMB infrastructure, discussed above, Nixon impounded approximately \$79.4 billion that Congress had appropriated for domestic programs between 1969 and 1974.<sup>120</sup> Of this total Nixon deferred approximately \$70.1 billion between 1969 and 1972 to a subsequent budget year and this was not hugely contentious, although it received Congressional criticism because of the large amount of money involved. However, \$9.3 billion between 1973 and 1974 involved the complete termination of a domestic program approved by the Congress. In 1972 Congress passed the Federal Water Pollution Act which appropriated \$6 billion towards environmental protection. Nixon, who thought \$6 billion was too high a cost, vetoed the Bill, which Congress overturned. So Nixon impounded the \$6 billion in 1973 – effectively a second veto - which Congress saw as a direct attack on their budget powers, thus leading to

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<sup>115</sup> US Senate, 'Report of the Special Committee on the Termination of the National Emergency', Special Committee on the Termination of National Emergencies, 93<sup>rd</sup> Congress, 1<sup>st</sup> Session, Senate Report 93-549, (Washington: GPO, 1973), III. National Emergency Act, Public Law 94-412, 94<sup>th</sup> Congress, H.R. 3884, 14 September 1976. Harold Relyea, 'National Emergency Powers', Congressional Research Service, Order Code 98-505 GOV, 30 August 2007, 1-25.

<sup>116</sup> Richard Helms directed the CIA from 1966-1973.

<sup>117</sup> Cronin, "A Resurgent Congress", 219-221. Zeidenstein, "The Reassertion", 398-400.

<sup>118</sup> The Constitution, Article I, Section 8 and Section 9, 1787.

<sup>119</sup> Warren Archer, "Presidential Impounding of Funds: The Judicial Response", The University of Chicago Law Review, Vol. 40, No. 2, 1973, 328-356.

<sup>120</sup> Christopher Wlezien, "The Politics of Impoundments", Political Research Quarterly, Vol. 47, No. 1, 1994, 62. The statistics are approximate because they were not systematically collected until after the 1974 Impoundment Act.

Congressional action to restrict policy impoundments.<sup>121</sup> In 1974 the Congress introduced the Congressional Budget and Impoundment Control Act, which reasserted and strengthened their role in federal budget making.<sup>122</sup> The Act came into force in 1976, and so once again, too late to restrict Nixon, but it added to the institutional friction of the period.

The extension of executive power since World War Two and the sidelining of Congress by Nixon in the areas of war, diplomacy, intelligence and budget making played a key role in motivating the Congressional reassertion. The Watergate scandal and negative public opinion also pushed Congress into action against the White House. But other forces were important in motivating the Congress, such as the need to fulfil electoral mandates, through gaining more control over legislation. The Congress has also sought to become more efficient and professional in dealing with legislation, special interest groups, and constituent relations.<sup>123</sup> The revival of Congressional participation in policy making took time to develop and so Nixon successfully marginalised the legislature in the major policy areas.

#### UK Executive-Legislative Balance of Power 1970-1974

The 1970-1974 Parliament witnessed a minor shift in the executive-legislative balance of power in favour of the House of Commons, which created increased domestic pressure on the Heath government. From the period 1945-1970, the typical Westminster model featured strong party loyalty and cohesion. The governing party rarely lost a vote in the House of Commons from 1945-1970, and less than 10% of divisions saw one or more members voting against their official party line. But under Heath, this rose to 20%.<sup>124</sup> Although party cohesion remained the central feature of the parliamentary system after 1970, the Heath government had to deal with a greater amount of dissent from backbench fringes than other post-1945 prime ministers. As discussed above, Heath's small majority increased the influence of Conservative backbenchers, who had the potential to vote down key areas of government policy. As the Heath government sought to maintain the confidence of the House of Commons, the domestic party political game played a role in the negotiations for entry into the EC and bilateral Anglo-American relations connected to the European issue.

Entry into the EC became the central area of executive-legislative confrontation. Other party conflicts in the House of Commons over industrial and economic policy, Northern Ireland, and race relations all contributed towards a typically confrontational Parliament. The three main arguments put forward by historians and political scientists to explain the increase in general

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<sup>121</sup> Herbert Stein, Presidential Economics: The Making of Economic Policy From Roosevelt to Regan and Beyond (New York: Simon & Schuster, 1985), 199-200 & 411. Herbert Stein was Chairman of the President's Council of Economic Advisers, 1972-1974.

<sup>122</sup> For the full proceedings of the resolution see House Bills, 'H.R. 7130 – To amend the rules of the House', Congressional Record, 120:32 (21 January 1974 to 20 December 1974), 1688.

<sup>123</sup> David McKay, American Politics, 166-167.

<sup>124</sup> Philip Norton, "The Changing Face of the British House of Commons in the 1970s", Legislative Studies Quarterly, Vol. 5, No. 3, 1980.

party dissent after 1970 are (1) the poor leadership and communication skills of Heath, (2) the abandonment of the 'parliamentary rule' whereby governments must resign if they lose a vote in the House of Commons, and (3) the entry into the House of Commons of a new generation of MPs from the 1966 and 1970 general elections, who were apparently more independent and likely to rebel.<sup>125</sup> However, one needs to investigate every episode of dissent to determine the factors involved rather than generalise. On the European issue, and the associated foreign policy areas of the Commonwealth and Anglo-American relations, all these theories fail to account for the strong ideological and policy differences between and within the parties over Britain's role in Europe, regardless of leadership skills, parliamentary procedures, or generational factors.

Firstly, on the issue of a new generation of MPs - a look at the MPs who cast the dissenting votes on EC legislation showed that they were just as likely to be well-established members as they were to be from the newly elected members, as well as cross-generational, contradicting the idea that a "new breed" of politicians entering the Commons in 1970 accounted for the party dissent. House of Commons statistics show that the main occupations, and education level, of Conservative, Labour, and Liberal MPs in 1970 were almost identical to those from 1951.<sup>126</sup> The educational background, main occupation, ethnicity and gender of members in the Conservative Party made little impact on the dissenting votes on the EC Bill.

Secondly, on parliamentary procedure - when Heath entered government the unwritten parliamentary rule held that a cabinet must resign and parliament be dissolved if the government did not pass a major piece of legislation through the Commons which the one-party executive should control. The parliamentary rule gradually disintegrated, beginning from an amendment to Heath's 1972 Immigration Act to the mass legislative defeats under James Callaghan's minority government in the late 1970s. But the survival of the Heath government depended on the passing of the EC Bill through Parliament, a core component of the Conservative legislative program. The production of the White Paper in July 1971 elevated the issue to prime importance to the Westminster elite and political commentators.<sup>127</sup> It also increased public interest and awareness of the EC negotiations.<sup>128</sup>

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<sup>125</sup> Mark Franklin, Alison Baxter, Margaret Jordan, "Who Were the Rebels in the House of Commons, 1970-1974", Legislative Studies Quarterly, Vol. 11, No. 2, 1986, 143-144. Norton, "The Changing Face", 1980.

<sup>126</sup> Tetteh, "Election Statistics", 23-27.

<sup>127</sup> "Mr Heath States the Case For Entry", The Times, 8 July 1971, 1, Issue 58219, col. A. "World's View of British Entry" The Times, 9 July 1971, 13, Issue 58220, col. A. "The case for Europe", Guardian, 8 July 1971, 1. "The right decision for us", Economist, 10 July 1971, Vol. 240, Issue 6672. For the first day of debate on the EC White Paper: 821 H.C. Deb. 1451-1591, 21 July 1971.

<sup>128</sup> Jowell & Hoinville, eds., Britain Into Europe, 29. "EEC White Paper: News at Ten: ITV Late Evening News, Bulletin 1", 7 July 1971, 22.00, ITN. Several newspapers published extracts of the 20,000 word White Paper such as "The United Kingdom and the European Community", The Times, 8 July 1971, 1, Issue 58219, column A. "The Common Market: The White Paper in Full", Guardian, 8 July 1971, 11. The government distributed 5 million copies of the White Paper and Her Majesty's stationary office in Westminster sold out its total stock of 6,500 in half an hour according to the ITN news bulletin.

Finally, on the issue of Heath's leadership – this needs to be considered in relation to the ideological and policy divide on the EC. On most issues, a one-dimensional divide existed between the Labour and Conservative parties, in particular on social-economic grounds. However, views on membership of the EC were the major exception, cutting across and within the two main parties. In the 1970 election campaign, 45% of Conservative candidates expressed reservations or adamantly opposed entry into the EC, compared with 61% of Labour candidates.<sup>129</sup> Even so, the leadership of both parties went into the general election supporting the principle of entry into the EC. Both leaders had been involved in previous applications; Heath headed the negotiations of the first application, while Wilson applied for membership in 1967. Within both parties pro and anti European groups developed which contributed to the general executive-legislative confrontation and fragmentation in the political parties.

On the issue of European integration the views of the Liberal Party gained significance. The Liberal leadership consistently supported the European unity movement from the 1950 Schuman plan to the 1957 Treaty of Rome.<sup>130</sup> When fighting the 1970 election, only 7% of Liberal candidates expressed reservations or opposition to the EC, and therefore they were the strongest supporters of the EC amongst the parties in the 1970 Parliament.<sup>131</sup> The divisions within the Conservative and Labour parties on European integration handed the Liberals a part of the legislative balance of power.

With all three party leaderships supporting the principle of EC membership, the battle took place over the specific terms of entry. The main issues which Britain's application to join the EC raised for the Westminster parties were the UK's future relationship with the Commonwealth and the US, the cost of entry, the transition to EC agricultural arrangements, the future role of sterling, and most controversially the effect of entry on Parliamentary sovereignty – all fundamental questions of future British foreign and economic policy.<sup>132</sup> The government published the White Paper The United Kingdom and the European Communities on 7 July 1971 based on the terms negotiated with the EC up to that point, which in 1972 became the European Communities Bill.<sup>133</sup> The centre of the domestic debate over EC membership focussed on these terms of entry.

A significant number of Heath's Conservative MPs were either sceptical of voting for the EC Bill or totally opposed to membership of the EC on the grounds of principle and policy, not politics, thus undermining the argument that Heath's poor leadership and communication

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<sup>129</sup> Butler & Pinto-Duschinsky, The British General Election of 1970, 440.

<sup>130</sup> Scott Clarke & John Curtice, "The Liberal Democrats and European Integration", in Britain For and Against Europe: British Politics and the Question of European Integration, eds., David Baker & David Seawright, (Oxford: Clarendon Press, 1998), 95-96.

<sup>131</sup> Butler & Pinto-Duschinsky, The British General Election of 1970, 440.

<sup>132</sup> 823 H.C. Deb. 21 October 1971-28 October 1971.

<sup>133</sup> "The United Kingdom and the European Communities", Cmnd. 4715, July 1971. For Edward Heath's statement to Parliament on the publication of the White Paper see 823 H.C. Deb. 1338-1340, 7 July 1971.

skills led to mass dissent.<sup>134</sup> Heath did have a large leadership task in utilising and integrating the huge intake of 101 new Conservative MPs at the 1970 General Election. But the anti-market factions in the party were well known in the build-up to the general election and some Tories openly campaigned against membership of the EC before the negotiations had begun. The Sunday Times quizzed the new Tory MPs on Europe three days after the general election and calculated that two-thirds supported entry into Europe on “good terms”. They counted that 16 were strongly opposed to entry and about 14 were sceptical.<sup>135</sup> Moreover, 29 veteran MPs had ties to an anti-Common Market league. Heath’s success in the general election brought into the House of Commons a significant number of openly Euro-sceptics, thus creating a pool of opposition to Heath’s central policy.

One important question is whether the Conservative opposition to the EC Bill blended into a general leadership challenge? Of the prominent anti-Europeans backbenchers Enoch Powell received the most attention from the Westminster elite and press. Powell had competed against Heath in the 1965 Conservative leadership election, coming in third place. Heath then appointed Powell to act as the Shadow Secretary of Defence. But in 1968 Heath sacked Powell from the shadow cabinet after the controversial “Rivers of Blood” speech on race relations. Powell had followers in the Commons (the “Powellites”) who sympathised with his tough line on immigration. But they did not necessarily oppose entry into the EC, although a small number did. The dissenting voters on the EC were not centred on Powell; opposition to the EC had deeper roots than challenging Heath’s leadership of the party.

Negative public opinion on EC membership greatly concerned MPs, which added another dimension to executive-legislative tension. The major polls, Gallup Poll, NOP, and the ORC, which the government tracked, showed strong opposition to membership of the EC from 1970-1971.<sup>136</sup> At the opening of the negotiations in July 1970 the Gallup Poll recorded a 55% disapproval rate with the government applying for membership, with only 24% approving.<sup>137</sup>

In early 1971 the Social and Community Planning Research (SCPR), the largest independent social research institute in Britain, undertook the first of three detailed studies on public attitudes towards the EC, taking into account social and economic background, age, region, knowledge levels, and political parties. The results were submitted to the government and published in July 1971. Conservative and Labour supporters split into a similar position as the parliamentary parties - 54% Labour and 49% Conservative supporters would be disappointed with entry, and only 28% Labour and 33% Conservative supporters would be

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<sup>134</sup> 823 H.C. Deb. 21 October 1971-28 October 1971.

<sup>135</sup> The FCO took note of this article: Newspaper; “Analysis of the Newcomers: A Reservoir of Trouble”, The Sunday Times, 21 June 1970, p.1, col. A; FCO 30/709; NAUK.

<sup>136</sup> Tracking the opinion polls were dealt with in the FCO European Integration Department, for example FCO 26/792; NAUK.

<sup>137</sup> Gallup Poll, British Attitudes Towards the Common Market 1957-1972 (London: The Gallup Poll, 1972), trend questions.

pleased by entry.<sup>138</sup> This created a tricky situation for pro-European and uncertain MPs in marginal seats who needed to defend their jobs at the next general election. Francis Pym, the government's Chief Whip, charged with the task of ensuring that members of the party voted with the leadership, wrote to Rippon about the concerns of MPs:

...the general climate of opinion in the country is so anti-market that many Members...are now becoming extremely reluctant...Only yesterday three Members reported to me how depressed they are about the state of opinion in their constituencies.<sup>139</sup>

The anti-Europeans took up the cause of public opinion, which put more pressure on the government. Powell argued that "the British government did not possess the necessary authority to conduct the negotiations and to conclude a treaty" without the "full-hearted consent of the British people".<sup>140</sup> Then two months before the White Paper, Gallop released a troubling statistic for the government. If a general election were held on the EC issue, only 28% would vote Conservative and 48% would vote for Labour.<sup>141</sup>

However, the publication of the 1971 White Paper and the subsequent media attention galvanised supporters of the EC and increased public interest in the EC negotiations, as a poll conducted by NOP in July 1971 indicated. The increase in support appeared to come from Conservative voters and the elderly.<sup>142</sup> Francis Pym noted to Heath that "the position in the Party has improved steadily since your statement on the White Paper...public opinion is swinging our way. This is much the strongest persuader".<sup>143</sup> Although the public opinion situation improved for the Heath government, the general anti-market feeling reflected in the opinion polls played a role in dividing parliamentary opinion and increased domestic pressure on the government.

Pressure group activity also entered the equation. The CBI, TUC, and the NFU had strong links to the Parliamentary parties and government departments, and thus they were consulted throughout the process. While CBI backing for British entry into the EC helped the government support its arguments on the economic benefits of membership, opposition from the labour unions and deep concern from farmers and Commonwealth special interest groups increased the strength of the anti-market camp and influenced the parliamentary battle, in particularly the voting position of Labour in the Commons.<sup>144</sup>

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<sup>138</sup> Barry Hedges & Roger Jowell, Britain and the E.E.C: Report on a Survey of Attitudes Towards the European Economic Community (London: Social & Community Planning Research, 1971), 77.

<sup>139</sup> Letter; Francis Pym to Geoffrey Rippon; 2 February 1971; FCO 30/1061; NAUK.

<sup>140</sup> Speech; Powell to Press Luncheon (Brussels); 28 September 1972; FCO 26/1106; NAUK.

<sup>141</sup> Gallup Poll, British Attitudes, Question 79.

<sup>142</sup> Roger Jowell & Gerald Hoinville, eds., Britain Into Europe: Public Opinion and the EEC 1961-1975 (London: Croom Helm, 1976), 29 & 31. Also see "Heath confident of swinging public opinion on Market", The Guardian, 13 July 1971, 18.

<sup>143</sup> Memo; Pym to Heath; 18 August 1971; PREM 15/574; NAUK.

<sup>144</sup> Press release; CBI; 24 June 1970; "Britain in the World: Britain in Europe"; CAB 164/965; NAUK.

From the beginning, the TUC had leaned towards opposition to the EC, although the General Secretary Victor Feathers told Heath in September 1970 that the TUC “would not come out with an outright rejection” because they wanted to wait to see the finalised terms of entry.<sup>145</sup> However, from October 1970, Heath’s preparations on the Industrial Relations Act dominated TUC-government relations, which led to less cooperation over EC policy and drew Labour and the TUC closer together. After the publication of the EC White Paper, the TUC released the report “Britain and the EEC” for the 103<sup>rd</sup> annual TUC conference in Blackpool (6-10 September 1971) which officially attacked Heath’s European policy, warning that the terms negotiated could “be disastrous for British workers and have seriously damaging consequences for employment and living standards”.<sup>146</sup> Labour had consistently criticised the progress of the negotiations and released pamphlets warning about entering Europe on the wrong terms for Britain.<sup>147</sup> But following the release of the TUC position report, Labour produced their report “The United Kingdom and the European Community” for the 1970 October Conference, which included their new political slogan “No entry on Tory terms”.<sup>148</sup> The TUC, with its membership accounting for nearly 45% of the UK employment market in 1970 (around 11 million people), and the Labour Party’s united front against Heath’s EC legislation significantly threatened the progress of the EC Bill on the domestic scene.<sup>149</sup>

In the media world Heath’s European policy benefited from the large support amongst major newspapers for the principle of British membership of the EC, despite political colours. All the major daily broadsheets, or “quality” press, supported entry. The largest circulating broadsheet, the Daily Telegraph (around 1.4 million), both supported entry and the Conservatives. The Times and the Guardian had roughly the same circulation, just over the 300,000 mark. The Times provided positive coverage of the negotiations.<sup>150</sup> Its 8 July 1971 leader, the day after the issue of the White Paper, argued that it marked “the start of a new and much promising phase in British history”.<sup>151</sup> The Guardian supported entry into the EC under Heath, but the left-leaning paper criticised the terms of entry, arguing in its leader on the White Paper that it is “a disappointing document. It is politically timid, economically complacent, and vague”.<sup>152</sup> Heath faced tougher coverage from the quality weeklies. The right-wing Spectator and the left-wing New Statesman were strongly anti-market, although, the Economist took a

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<sup>145</sup> Minutes; “Note for the Record”; 1 September 1970 PREM 15/461; NAUK.

<sup>146</sup> Report; TUC; September 1971; “Britain and the EEC: Report of the TUC General Council to the 103<sup>rd</sup> Annual Trade Union Congress”; CAB 164/966; NAUK.

<sup>147</sup> Labour Research Department, The Common Market: What Would It Mean For Britain? (London: Labour Research Department, 1970). Labour Research Department, The Common Market: What Would Entry Mean? (London: Labour Research Department, 1971).

<sup>148</sup> Report; NEC; October 1971; “The United Kingdom and the European Communities”; CAB 164/966; NAUK.

<sup>149</sup> Bob Mason & Peter Bain, “The Determinants of Trade Union Membership in Britain: A Survey of the Literature”, Industrial and Labour Relations Review, Vol. 46, No. 2, 1993, 333.

<sup>150</sup> John Grigg, The History of the Times: Volume VI: The Thompson Years 1966-1981 (London: Times Books, 1993), 157-185

<sup>151</sup> “Towards a European Britain”, The Times, 8 July 1971, 15, Issue 58219, col. A.

<sup>152</sup> “Britain and Europe: the choice that governs our future”, Guardian, 8 July 1971, 10.

fiercely pro-European stance, producing detailed surveys.<sup>153</sup> The general coverage of the events surrounding the EC negotiations from the broadsheets benefited the pro-entry side and Heath, as it provided the public with more information and worked as free publicity for the government.

Heath also enjoyed support from some of the major tabloid dailies, which were more important in reaching the wider population than the broadsheets. In fact, as table 3 below shows, the quality papers' combined circulation only came to just over 2 million, whereas the four major tabloids exceeded 2 million copies each. The Daily Mirror, Sun, and the Daily Mail all strongly supported entry, while the Daily Express opposed entry on the basis of sovereignty and the economic cost. This created the interesting situation where the left-wing Daily Mirror and the Sun backed the Conservatives' legislation, whereas the very right-wing Daily Express opposed Heath.<sup>154</sup> Nevertheless, the tabloids went 3-1 towards the EC Bill, with their views reaching over 7 million people, which thus helped spread and promote Heath's policy. The continual coverage of the negotiations from the ITN News at Ten, which drew in between 12 to 15 million viewers on weekday evenings, also increased public knowledge of the EC, which usually benefited the pro-camp.<sup>155</sup>

**Table 3: UK National Daily Newspaper Circulations, June 1971<sup>156</sup>**

<b>Column A</b>	<b>Column B</b>
<b>Newspaper</b>	<b>Circulation</b>
<b>Daily Mirror</b>	4,380,000
<b>Daily Express</b>	3,436,000
<b>Sun</b>	2,083,000
<b>Daily Mail</b>	2,007,000
<b>Daily Telegraph</b>	1,455,000
<b>The Times</b>	341,000
<b>Guardian</b>	328,000
<b>Financial Times</b>	168,000

Heath also enjoyed some success in communicating with and convincing the Euro-sceptics and uncertain MPs to vote for his European legislation, although the campaign to convince lacked central coordination. Shortly after the election the Conservative Group for

<sup>153</sup> The New Statesman produced a pamphlet in almost identical format to the actual White Paper. See Peter Shore, The Case Against Entry: The United Kingdom and the European Communities: The Answer to the White Paper (London: New Statesman, 1971). "Survey on European Unity", Economist, 16 May 1971, Vol. 235, Issue 6612.

<sup>154</sup> Kitinger, Diplomacy, 343-351.

<sup>155</sup> Ibid., 335.

<sup>156</sup> Kitinger, Diplomacy, 343.

Europe set in motion an assessment of opinion in the party on the European question.<sup>157</sup> Its importance lay in driving the party organisation towards developing a strategy for achieving parliamentary consent of the EC treaty.<sup>158</sup> In drafting the White Paper, serious adjustments were made to maximise votes in the parliament. The original drafts were considered too “defensive” and “negative”, which would play into the hands of the anti-Europeans.<sup>159</sup> The changes applied to the White Paper put greater emphasis on the long-term economic and political benefits of belonging to the EC. On 13 October 1971, Heath managed to gain overwhelming support for the government’s terms of entry at the Conservative Party Annual Conference in Brighton (which voted 2,474 to 324 in favour). This bolstered Heath’s position on Europe and as leader of the party, even if support from the party ‘faithful’ who attended the conference was easier to attain than from sceptical Conservative MPs and the public. These steps helped in Heath’s gaining ratification of the EC treaty.<sup>160</sup>

But the key work came in the form of analysing the parliamentary politics surrounding the Treaty of Accession by the Chief Whip Francis Pym. The government made two vital political decisions about the first reading of the bill: (1) that the party would be allowed a free vote, instead of a three-line whip; and (2) that it would be a vote on the principle of entry into the EC. Three weeks before the vote, Pym provided a bleak assessment to Heath. He estimated that there were 26 hard-line antis, 6 likely to vote against but with an outside chance of abstention, and 13 uncertain MPs. This left only 281 Conservative members in favour, thus wiping out Heath’s majority.<sup>161</sup> Therefore, the Bill could not be passed without the support of pro-European Labour and Liberal cross-voters. The Office of the Chief Whip had canvassed cross party opinion and concluded that “they would confine their support to the question of principle” and that “if there is a free vote on the Conservative side, then the Labour pro-marketeters...will vote with the Government”.<sup>162</sup> A free vote would also reduce the pressure on the government to resign if it lost the division. Furthermore, a three-line whip would make little difference to the Conservative anti-marketeters.<sup>163</sup>

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<sup>157</sup> Memo; Norman St. John-Stevás to Rippon; “Memorandum on Britain and the Common Market”; 25 August 1970; FCO 30/709; NAUK.

<sup>158</sup> Letter; Rippon to Norman St. John-Stevás; 9 September 1970; FCO 30/709; NAUK.

<sup>159</sup> Memo; Hurd to Heath; “White Paper and the EEC”; 30 June 1971. Memo; William Nield to Heath; “Draft White Paper on Europe”; 30 June 1970; PREM 15/377; NAUK.

<sup>160</sup> For a recent study of the propaganda campaign see Paul Gliddon, ‘The British Foreign Office and Domestic Propaganda on the European Community, 1960-72’, Contemporary British History, Vol. 23, No. 2, 2009, 155-180.

<sup>161</sup> Memo; Pym to Heath; “The Division on the European Communities: 28 October 1971”; 5 October 1971; PREM 15/574; NAUK.

<sup>162</sup> Memo; Norman St John-Stevás to Heath; “Third Report and Analysis on the State of the Party on the Common Market Issue”; 1 August 1971; PREM 15/574; NAUK. Also see Hurd, An End, 68.

<sup>163</sup> Memo; Pym to Heath; 18 August 1971; PREM 15/574; NAUK. Memo; Pym to Heath; “The Division on the European Communities: 28 October 1971”; 5 October 1971; PREM 15/574; NAUK.

The first reading of the Bill demonstrated the strength of the Westminster legislative chambers. But it also showed the political skill of Heath in navigating his legislation through parliament against strong ideological opposition. Six days of ‘the “great debate”’ began in Parliament on 21 October 1971. The first reading, held on the 28 October, was a declaratory motion (without legal effect) on the principle of entry based on the provisional terms.<sup>164</sup> Heath carried the vote by 112 (356-244), but 39 Conservative MPs voted against their government’s White Paper, and two abstained. The White Paper passed with the support of 69 Labour cross-voters and 20 abstentions, rebelling against Wilson’s three-line whip ordering Labour MPs to vote against the government because of opposition to the economic cost of entry and the lack of provisions on future Commonwealth relations.<sup>165</sup> It also provided an opportunity for Wilson to challenge Heath’s control over the Commons. This substantial cross-party vote might create the perception that Britain entered the EC without much domestic confrontation. But the Treaty of Accession still needed ratification in 1972, which created further divisions within the parties.

The second reading of the EC Bill became a vote of confidence in the Heath government, which revealed the party political game typically seen at the Westminster parliament, as well as showing the continuation of the ‘parliamentary rule’.<sup>166</sup> Labour wanted to topple the government and many pro-European Labour MPs reversed their vote of principle taken in October 1971. Heath also imposed a three-line whip ordering Tories to vote for the Bill, in order to maximise Conservative votes. Heath survived by the slim majority of 8 (309-301), with 15 Conservative MPs voting against him and 4 abstaining. The political sketch-writers captured the drama of the vote. As the speaker announced the result “the Labour Party backbenches erupted in furious uproar”, shouting at Heath “resign!”<sup>167</sup> Five Liberal MPs were “howled” at by Labour backbenchers, as were 5 abstaining Labour MPs because they had saved the government.<sup>168</sup> Wilson then attacked Heath for breaching his election commitment, declaring that “the Prime Minister has not got the full-hearted consent of the British people”, as well as the parliament, and his own party.<sup>169</sup> Then, according to Heath, a crowd of Labour MPs

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<sup>164</sup> 823 H.C. Deb. 2076, 28 October 1971. See Kitzinger, *Diplomacy*, 371, who suggested that Heath collaborated with Labour MPs in writing the declaratory motion.

<sup>165</sup> 823 H.C. Deb. 2200-2201, 28 October 1971. Report; NEC; October 1971; “The United Kingdom and the European Communities”; CAB 164/966; NAUK.

<sup>166</sup> “Mr Heath stakes his future on EEC vote”, *The Times*, 17 February 1972, 1, Issue 58404, col. D.

<sup>167</sup> Heath, *The Course*, 384. “Mr Heath is saved by eight votes in crucial Common Market division”, *The Times*, 18 February, 1972, 1, Issue 58405, col. A.

<sup>168</sup> “Mr Heath is saved by eight votes in crucial Common Market division”, *The Times*, 18 February, 1972, 1, Issue 58405, col. A. “Decision taken amid bitter scenes”, *The Times*, 18 February, 1972, 1, Issue 58405, col. A. “European Community Bill scrapes through: Mr Heath refuses demands for his resignation”, *The Times*, 18 February 1972, 7, Issue 58405, col. C. “Majority for Bill slumps to eight”, *The Times*, 18 February 1972, 7, Issue 58405, col. G. “Eight votes keep Heath in office”, *Guardian*, 18 February 1972, 1. “Wilson calls for election on Market”, *Guardian*, 19 February 1972, 4.

<sup>169</sup> 831 H.C. Deb. 758-759, 17 February 1972.

attempted to lift Jeremy Thorpe, the Liberal leader, across the chamber.<sup>170</sup> The Political Editor of The Times, David Wood, described the political mayhem:

When the figures were announced both sides of the House went wild. A group of Labour backbenchers below the gangway surrounding the Liberals rose and set siege round Mr Thorpe. Other opposition members stood in their places and cheered, waved, and catcalled. Ministerialist backbenchers...howled, and brandished papers...the roar from the opposition side continued in crescendo. Then Mr Heath rose, pale, tense, but resolute and impassive.<sup>171</sup>

The key point here is that Heath did not take Britain into the EC without domestic constraint, nor did he build and shape policy exclusively amongst the elite in the executive office and Whitehall. The final cut of the EC Bill, its third reading in Parliament, passed by 301-284 on 13 July 1972, with the help a small number of Labour and Liberal MPs. In total, ten days were spent in Parliament in 1971 discussing the EC Bill, in addition to thirty-nine days of debate in 1972, with nearly three million words spoken, occupying over three hundred hours.<sup>172</sup> Domestic party politics and parliamentary scrutiny played a role in Britain joining the EC.

### Conclusion

Nixon won two key presidential elections in 1968 and 1972 but the Republicans failed to gain a stronghold in the Congress. The party divisions created a period of high executive-legislative confrontation, in which Nixon centralised foreign and domestic policy making at the peak of the imperial presidency. This meant that the new White House system of policy formation and implementation, through the NSC, Domestic Council, and OMB, played a significant role in the US conduct of international relations. The Congress and the White House clashed over war making powers, diplomacy, and budget making, but it was on Vietnam and the level of US troops stationed abroad (such as in Europe) that were the key flashpoints. While Nixon had little time for special interest groups in relation to foreign policy, such as labour unions, the Israel lobby, and the peace movement, he could not completely ignore the Congress and other institutional limitations. Furthermore, Nixon's obsession with elections, public opinion, and the press meant that the domestic scene would always be considered in foreign policy making. But at the same time the electorate on the whole were not interested in foreign affairs, and the "silent majority" which voted for Nixon opposed the anti-war movement, and so to an extent Nixon ignored domestic pressure on foreign issues.

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<sup>170</sup> Heath, The Course, 384.

<sup>171</sup> "Mr Heath is saved by eight votes in crucial Common Market division", The Times, 18 February, 1972, 1, Issue 58405, col. A.

<sup>172</sup> Geoffrey Howe, 'The European Communities Act 1972', International Affairs, Vol. 49, No. 1, 1973, 1.

Heath entered power in 1970 with a small majority in the House of Commons which strengthened fractional elements in the Parliament. His legislative program focussed on entry into the EC, an issue which, although supported by the leadership of all three main parties, divided opinion on both sides of the House. Thus Heath encountered a tough domestic battle to gain membership of the EC, an issue that touched traditional foreign policy areas – the Commonwealth, the Anglo-American relationship and Britain's world role. The Heath cabinet included some influential members, and the body played an important role in Government from 1970-1972. But tensions existed in the Heath cabinet as well as between Whitehall departments over the control of European policy development and the implementation of manifesto commitments. Heath tended to conduct decision-making on important issues with an inner circle of advisers, which included a few select ministers, and private and political secretaries, and thus small steps were made away from British collective government towards prime ministerial government, especially after 1972 up to the defeat in the February 1974 election.

In both the histories of the Nixon and Heath years a gap has developed on the broader domestic political and institutional balance of power influencing foreign policy. Studies on Britain and European integration tended to view the Heath negotiations to join the EC as an inevitable process, pushed through without much domestic limitation, either as a method to maintain and increase British influence in the world or as a fundamental re-orientation of British foreign policy. The orthodox and revisionist studies on Nixon often connected the Watergate scandal to a greater foreign policy role for Kissinger after January 1973, but they failed to fully take into account that Nixon faced a strong Democratic Congress and a liberal climate. In both the UK and US the balance of power, institutional structures, and individuals had an impact on the nature of foreign policy making.

*Chapter 2:*

**US and UK Foreign Policy Priorities (1969-1970)**

This chapter explores the internal debates by UK and US ministers and officials into Anglo-American relations and European policy and their long term objectives between 1969 and 1970, and therefore the strategy each country took into their bilateral relations and approach to the issues created by the European enlargement negotiations.

This chapter argues that the two central issues in foreign policy under the Heath government were gaining membership of the EC and maintaining a strong Anglo-American alliance. But the government thought that Europe, central to Britain promoting their world interests, should have short term primacy. The primacy of the EC negotiations has led to a consistent theme in the historiography, in which it is argued that Heath re-orientated British policy away from the US to the EC, and thus Anglo-American relations in this period are viewed as being poor and a low priority.<sup>1</sup>

This chapter adds to the historical debate by arguing that Heath and Whitehall still attached importance to the Anglo-American relationship and protected the bilateral relationship, while working to gain entry into the EC. British membership of the EC did not represent an immediate fundamental re-orientation of British foreign policy and relations. The alterations were more subtle and complex. The issues raised by Britain's accession to the EC were carefully handled with the Anglo-American alliance in mind, which reveals a determined effort to preserve the bilateral alliance in conjunction with Heath's European policy.

Another key aspect of this chapter which contributes towards historical knowledge is the analysis on the development of the Nixon administration's policy towards the EC enlargement. It is argued here that the administration supported the enlargement to include Britain and greater European integration, which formed a part of the Atlantic Alliance and supported US objectives in the Cold War. But the administration would challenge EC economic policies which threatened US interests, which would be dealt with through trade and monetary negotiations. Moreover, the administration intentionally adopted a "hand-off" approach to UK entry into the EC, so as not to jeopardize their membership application, which reveals a high level of Anglo-American understanding.

In Nixon historiography there is a significant lack of attention to Anglo-American relations and the EC enlargement.<sup>2</sup> Furthermore, the prevailing position is that a sceptical view of a supranational Europe developed under the Nixon administration and from elite opinion

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<sup>1</sup> Ovendale, *Anglo-American Relations*, 133. Young, *Britain and European Unity*, 100. Dobson, 'The Special Relationship', 89. Ernst May and Gregory Treverton, 'Defence Relationships: American Perspectives', in *The 'Special Relationship'*, eds., Louis and Bull, 162.

<sup>2</sup> For example, Dallek, *Partners in Power*. For an older study see Ambrose, *Nixon: The Triumph of a Politician*. Ambrose, *Nixon: Ruin and Recovery*.

makers, who argued that US interests diverged from those of Western Europe.<sup>3</sup> It is the case that the administration devoted less time to the Anglo-American relationship and European integration, neither of which was a pressing priority. Moreover, members of the US administration did challenge US European policy. However, this did not develop into opposition to greater EC integration and political cooperation under Nixon. This chapter contributes towards a greater, detailed understanding of the Nixon administration's European policy and relations with the UK in the context of overall foreign policy issues.

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## US Foreign Policy Priorities

### Key Influences on Nixon's Cold War Policy

Three important factors influencing Nixon's Cold War policy on détente, China, the Vietnam War, and the Atlantic Alliance were (1) US-Soviet nuclear arms parity, (2) the Sino-Soviet split, and (3) economic difficulties. As discussed in the first chapter, domestic politics also played a key role in shaping foreign policy.

Nuclear arms parity, the most important factor leading to improved US-Soviet relations in the 1970s, represented a major advancement for the Soviet Union from an inferior nuclear capacity in the 1950s to a rough balance with US strategic nuclear power by 1970. Hence, for the US, parity meant a gradual reduction in nuclear superiority throughout the 1960s. Nixon had foreseen this development, noting in his 1967 Foreign Affairs article that the "Soviets may reach nuclear parity" within the next decade.<sup>4</sup>

Rough arms parity did not mean that Russia and the US had the same weapons and equal strength in the same areas, but it meant that each side had the capability to destroy the other. According to a 1971 report by the Director of the Central Intelligence Agency (CIA), Richard Helms, the US had a general advantage in sea and air power, while Russia had superior land nuclear based systems. Moreover, Russia had more missiles (which deliver warheads), while the US had more warheads. Nixon concluded that "it's clear there's a throw weight advantage to the Soviets".<sup>5</sup> Both countries had anti-ballistic missiles (ABMs) – a system to defend against attacking missiles, in particular long range, nuclear armed intercontinental ballistic missiles (ICBMs) – but while Russia had deployed more systems, those of the US were

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<sup>3</sup> Lundestad, "Empire" by Integration, 99-107. Cromwell, The United States and the European Pillar, 70-78. Dallek, Partners in Power, 466. William Bundy, A Tangled Web: The Making of Foreign Policy in the Nixon Presidency (London: I.B. Tauris, 1998), 413-419. Dumbrell, A Special Relationship, 173-190.

<sup>4</sup> Richard Nixon, "Asia After Viet Nam", Foreign Affairs, Vol. 46, No. 1, 1967, 122.

<sup>5</sup> Minutes; "NSC Meeting: SALT"; 8 March 1971; Box H-110; NSC Institutional Files: Minutes of Meeting: NSC; NPM; NPL. Throw-weight is the total weight of a missile, including the warhead, re-entry vehicle, penetration aids and other components. The higher the throw-weight, the greater the capability.

technologically more advanced. The US was also technically superior in the development of multiple independently targetable re-entry vehicles (MIRVs) – a sophisticated warhead that could carry multiple nuclear weapons on a single missile.

Nixon initiated an extensive review of US military strategy on the day after his inauguration, 21 January 1969, the results of which revealed the impact that rough arms parity had on US Cold War policy.<sup>6</sup> At the NSC in 1971 Nixon explained that the fear of nuclear conflict meant that its possibility was remote.<sup>7</sup> In the early stages of the Cold War, US military superiority supported a strategy of “massive retaliation” against Soviet attack. However, the huge arms race and massive US and Soviet nuclear arsenals by 1969 meant that each country had the capacity to destroy the other, which undermined the threat to use such weapons. This led to a switch in US nuclear strategy, to strategic equilibrium, the major foundation of détente and US-Soviet arms negotiations.

However, this also required maintaining parity and credible conventional forces, as Nixon told the NSC. Thus Nixon adapted a twin strategy: of negotiating on arms reductions, but at the same time maintaining US military strength, essential in progressing with Russia and China.<sup>8</sup> Arms parity also did not necessarily affect competition in other areas, from ‘Third World’ conflicts, to East and Western Europe, and other political and economic spheres of influence and alliances.<sup>9</sup> But rough arms parity and a reduced nuclear threat contributed towards the process of arms negotiations and a US policy of détente under Nixon.

The Sino-Soviet split also played key role in influencing Nixon’s review of US relations with China and Russia. In the late 1950s difference emerged in the diplomatic relationship between the PRC and the Soviet Union, because of ideology, economic and foreign policy competition, and domestic politics.<sup>10</sup> Armed clashes along their shared border in 1969 heightened tension and highlighted the issue to US policy makers. The split undermined the idea of a monolithic communist world, and thus the US could take advantage in relations with both countries.

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<sup>6</sup> Memo; “NSSM 3: US Military Posture and Balance of Power”; 21 January 1969; Box H-126; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>7</sup> Minutes; “NSC Meeting: Defense Strategy”; 13 August 1971; Box H-110; NSC Institutional Files: Minutes of Meeting: NSC; NPM; NPL.

<sup>8</sup> Ibid.

<sup>9</sup> Odd Arne Westad, The Global Cold War: Third World Interventions and the Making of Our Times (Cambridge: Cambridge University Press, 2005). For studies on US nuclear strategy see Terry Terriff, The Nixon Administration and the Making of US Nuclear Strategy (Ithaca: Cornell University Press, 1995). William Burr, “The Nixon Administration, the ‘Horror Strategy’, and the Search for Limited Nuclear Options, 1969-1972”, Journal of Cold War Studies, Vol. 7, No. 3, 2005, 34-78.

<sup>10</sup> Lorenz M. Lüthi, The Sino-Soviet Split: Cold War in the Communist World (Princeton: Princeton University Press, 2008).

This led to the development of the Kissinger-Nixon concept of ‘linkage’ and ‘triangular diplomacy’, another topic frequently covered in Nixon historiography.<sup>11</sup> Kissinger and Nixon used this idea in two senses: firstly, that the superpower relationship was connected to the political and military situation in other countries and regions, and secondly, as a diplomatic technique used in negotiations, using one objective as leverage on another.<sup>12</sup> Studies on Nixon usually focussed on the ‘linkages’ to the Vietnam War and other ‘Third World’ conflicts, but the ‘linkages’ to Europe must also be considered.

In July 1969 the NSC looked into the “broad implications of the Sino-Soviet rivalry on the US, Soviet, and Communist China triangle”.<sup>13</sup> The State Department, DOD, Kissinger, and the NSC all believed that the split changed the diplomatic circumstances and that both Moscow and Peking appeared to be extremely suspicious of US relations with the other.<sup>14</sup> Nixon and Kissinger, in dealing with China and Russia, used the Sino-Soviet split to shift the nature of the Cold War.

The NSC East Asia Group displayed a degree of indecision on which approach to take. Some argued that the Soviets were so suspicious of US-Chinese collusion that any move towards rapprochement would “make impossible greater Soviet-American cooperation”. Others argued that the “Soviets are more likely to be reconciliatory if they fear that we will otherwise seek a rapprochement with Peking”.<sup>15</sup> The State Department wanted to move on improving relations with China so that “the Russians would be reminded that they cannot take us for granted” - thus assuming that Chinese rapprochement would encourage détente.<sup>16</sup> The DOD also saw opportunities for the US “to obtain concessions from either the USSR or China” and, brushing aside those who feared harming US-Soviet relations, argued that “the US must accept increasing risks rather than acquiesce in a return of China to the Soviet sphere”.<sup>17</sup> This indicates

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<sup>11</sup> Many historians have investigated this triangular diplomacy: Evelyn Goh, ‘Nixon, Kissinger, and the ‘Soviet Card’ in the U.S. Opening of China, 1971-1974’, *Diplomatic History*, Vol. 29, No. 3, 2005, 475-502. Chris Connolly, ‘The American Factor: Sino-American Rapprochement and Chinese Attitudes to the Vietnam War, 1968-1972’, *Cold War History*, Vol. 5, No. 4, November 2005, 501-527. Jussi Hanhimaki, ‘Selling the ‘Decent Interval’: Kissinger, Triangular Diplomacy, and the End of the Vietnam War, 1971-1973’, *Diplomacy & Statecraft*, Vol. 14, No. 1, 2003, 159-194.

<sup>12</sup> Kissinger, *The White House Years*, 129.

<sup>13</sup> Memo; “NSSM 63: US Policy on Current Sino-Soviet Differences”; 3 July 1969; Box H-155; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>14</sup> Minutes; “Senior Review Group (SRG) Meeting: US China Policy; Nuclear Planning Group Issues”; 15 May 1969; Box H-111; NSC Institutional Files: Minutes of Meeting: SRG; NPM; NPL. Study; NSC Interdepartmental Group for East Asia; “United States China Policy: Outline and Issues”; March 1969; Box H-134; NSC Institutional Files: Study Memo: NSSM; NPM; NPL. Memo; Elliot Richardson (Under-Secretary of State) to Kissinger; “Removal of Restrictions on US Trade with China”; 21 June 1969; Box H-210; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.

<sup>15</sup> Study; NSC Interdepartmental Group for East Asia; “United States China Policy: Outline and Issues”; March 1969; Box H-134; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>16</sup> Memo; Richardson to Kissinger; “Removal of Restrictions on US Trade with China”; 21 June 1969; Box H-210; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.

<sup>17</sup> Study; “A DOD Supplementary Paper: US Policy on Current Sino-Soviet Differences”; 8 October 1969; Box H-155; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

cross-departmental concern for triangular diplomacy, and thus not just a Nixon-Kissinger concept. The administration proceeded to revise US China policy, using the Sino-Soviet split to their perceived advantage.

The US balance of payments problem also influenced Congressional, government, and pressure group opinion on foreign and economic policy. The US witnessed a drastic reduction in its trade surplus, from an average of \$5 billion from 1959-1967 to less than \$1 billion in 1968.<sup>18</sup> By 1970, the US had a trade deficit of \$1.5 billion. Its trade balance with Japan had hit a \$3.2 billion deficit, while the trade balance with the EC fell by \$1.1 billion (although it was still \$500 million in the positive). In terms of the overall balance of payments, the US went from minus \$9.8 billion in 1970 to about minus \$30 billion in 1971. By comparison, the Japanese balance of payments in 1971 was a surplus of \$10.3 billion and in the EC by \$10.1 billion. US growth had slowed. Its average annual GDP from 1961-1970 was a strong 4.0%, although in Japan it was 11.1% and 5.3% in the EC. From 1968-1970 US average annual GDP growth fell to 2.3%, while that of Japan increased to 12.3% and the EC to 6.2%.<sup>19</sup> Rapid inflation from 1966 onwards, increasing the cost of US exports, had by 1968 led to a further reduction of exports, which contributed towards the US balance of payments problems, undermining confidence in the dollar as an international reserve currency. This led to calls for a reduction in US military commitments abroad, the creation of a more stable international monetary and trade system, and the growth of a protectionist movement on the US domestic scene. Economic decline, together with rough arms parity, and the Sino-Soviet split resulted in a shift of US Cold War strategy, which in turn influenced Anglo-American relations.

### Superpower Détente

Détente marked a more apparent shift from the doctrinaire US and Russian Cold War policies of the 1950s to a more flexible approach in the late 1960s and throughout the 1970s. But although the key years were from 1969-1979, détente existed before and after that, and thus it is not a set period. Furthermore, détente was not a uniform process or trend; superpower relations were a mix of cooperation and competition at various times.

While US-Soviet tensions were high throughout most of the 1950s following the breakdown of the World War Two alliance, attempts were made at easing East-West relations, most notably the Geneva Summit in July 1955, attended by the US, Britain, France, and the Soviet Union. A wide range of issues were discussed, from trade and arms control to German unification, but the optimism of the conference broke down following the 1956 Suez Crisis and the Soviet suppression of Hungary. After the October 1962 Cuban Missile Crisis came the 1963

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<sup>18</sup> Study; "NSSM 16: US Trade Policy"; 7 April 1969; Box H-135; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>19</sup> United Nations: Department of Economic and Social Affairs, World Economic Survey 1971: Current Economic Developments (New York: United Nations, 1972), 38 & 44-49.

Partial Test Ban Treaty, the first major arms control agreement, which sought to slow the arms race and place limits on nuclear testing, particularly in space. From the mid-1960s proposals for East-West détente continued. In 1968 US President Johnson and Russian Prime Minister Kosygin attempted to launch Strategic Arms Limitations Talks (SALT), but they were suspended following the Soviet occupation of Czechoslovakia in August 1968. Therefore the process of détente gradually developed; it did not suddenly start in 1969.<sup>20</sup>

Major attempts at easing East-West tensions by European countries also had an influence on the international movement towards détente and on relations within the Atlantic Alliance. The Chancellor of Federal Republic of Germany (FRG), Willy Brandt, sought to improve relations with the German Democratic Republic (GDR), Eastern Europe and the Soviet Union, through a series of bilateral agreements, a process known as Ostpolitik.<sup>21</sup>

An aspect of this involved the status of Berlin. Negotiations, held between the four wartime allies – the UK, the US, France, and the Soviet Union – resulted in the Four Power Agreement on Berlin (3 September 1971), re-affirming their rights over the city. This led to increased contact between the two parts of the city and recognition of both West Germany and East Germany at the United Nations (UN) in September 1973.<sup>22</sup> Finally, throughout 1969-1972, a constant debate in diplomatic circles grew on holding a European security conference, which became known as the Conference on Security and Cooperation in Europe (CSCE), in order to ease tensions across Western and Eastern Europe.<sup>23</sup> The negotiations on European security took off in Helsinki, Finland in November 1972 and resulted in the Helsinki Final Act in 1975. Ostpolitik and CSCE therefore formed a part of détente.

But for the Nixon administration, superpower détente overshadowed any European developments in East-West relations. Serious arms control negotiations began in November 1969. As discussed above, nuclear capability and nuclear strategy were directly linked to

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<sup>20</sup> For a key book on détente refer to Raymond Garthoff, Détente and Confrontation: American-Soviet Relations from Nixon to Reagan (Washington D.C.: The Brookings Institute, 1994), 8-11.

<sup>21</sup> The FRG (West Germany) & the GDR (East Germany) from 1949-1990. Willy Brandt (Chancellor of the FRG, 1969-1974). See N. Piers Ludlow, ed., European Integration and the Cold War: Ostpolitik-Westpolitik, 1965-1973 (London: Routledge, 2007). Mary Elise Sarotte, “The Frailties of Grand Strategies: A Comparison of Détente and Ostpolitik”, in Nixon in the World, eds., Logevall & Preston (New York: Oxford University Press, 2008), 146-163. Carole Fink & Bernd Schaeffer, eds., Ostpolitik, 1969-1974: European and Global Responses (Cambridge: Cambridge University Press, 2009). Matthias Schulz & Thomas Schwartz, eds., The Strained Alliance: US-European Relations From Nixon to Carter (Cambridge: Cambridge University Press, 2010).

<sup>22</sup> The Basic Treaty between West Germany and East Germany (21 December 1972).

<sup>23</sup> See Sarah Snyder, “The United States, Western Europe, and the Conference on Security and Cooperation in Europe, 1972-1975”, in The Strained Alliance, eds., Schulz & Schwartz, 257-275. Michael Cotey Morgan, “The United States and the Making of the Final Helsinki Act”, in Nixon in the World, eds., Logevall & Preston, 164-179. Mockli, European Foreign, 99-139. Andreas Wenger, Vojtech Mastny, & Christian Neunlist, eds., Origins of the European Security System: The Helsinki Process Revisited, 1965-75 (New York: Routledge, 2008).

détente, and hence were major factors influencing the administration.<sup>24</sup> On 26 May 1972, Nixon and the Soviet leader Leonid Brezhnev signed ten agreements, which included the Interim Agreement on the Limitations on Strategic Arms (SALT I) and the Anti-Ballistic Missile Treaty (ABMT). The agreements also provided for cooperation in science and technology, health research, environment protection, space exploration, and commercial relations. The Nixon administration primarily focussed on SALT and superpower negotiations in the area of détente.

The early Nixon administration reluctantly supported the FRG's Eastern policy and expressed concern about its impact on the Atlantic Alliance.<sup>25</sup> On 14 October 1970, Nixon held an NSC meeting to discuss Ostpolitik, by which time the FRG had already taken major steps.<sup>26</sup> Kissinger believed that Brandt's policy would be viewed by the Soviets as "ratifying the status quo in Eastern Europe", causing problems in Western Europe. Kissinger pondered: "we could oppose the policy and bring Brandt down". However, the administration did not want to be responsible for a breakdown, although they could seek to slow down the process by highlighting Allied rights in Berlin.<sup>27</sup> Members of the NSC staff thought that "Ostpolitik is...speculative and narrowly focussed".<sup>28</sup> Therefore, the US administration primarily concentrated on improving East-West relations at the superpower level through specific arms negotiations, thus overriding Ostpolitik in US government circles.<sup>29</sup>

Nevertheless, on 6 November 1970 Nixon issued a directive offering "support for the avowed objectives" of Ostpolitik. US policy aimed to maintain and deepen relations between the FRG and the Western alliance, as well as displaying the US commitment to Western Europe. However, the US "should not conceal...our long range concern". On the four power Berlin negotiations, the administration did not think it was an essential topic. Therefore, the US reluctantly backed the FRG's Eastern policy. Meanwhile, the US also intended to avoid a European security summit while it concentrated on SALT. The NSC sought to find "a convenient way to delay" it, such as with the Berlin negotiations and attention to Mutual Balanced Force Reductions (MBFR) - whereby NATO and the Warsaw Pact would negotiate a

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<sup>24</sup> Memo; "NSDM 69: Strategic Arms Limitation Talks"; 9 July 1970; Box H-217; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL. Memo; "NSDM 117: Instructions for Strategic Arms Limitation Talks at Helsinki"; 2 July 1971; Box H-224; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.

<sup>25</sup> Memo; "NSSM 83: US Approaches to Current Issues on European Security"; 21 November 1969; Box H-026; NSC Institutional Files: Policy Papers: NSSM; NPM; NPL.

<sup>26</sup> The Treaty of Moscow (12 August 1970) and the Treaty of Warsaw (7 December 1970), confirming the World War Two borders between Germany and Poland (Oder-Neisse Line).

<sup>27</sup> Minutes; "NSC Meeting: Berlin and Germany"; 14 October 1970; Box H-109; NSC Institutional Files: Minutes of Meeting; NSC; NPM; NPL.

<sup>28</sup> Memo; Helmut Sonnenfeldt (NSC Staff Member) to Kissinger; "Consequence of Ostpolitik"; 17 March 1971; Box H-179; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>29</sup> See Mary Sarotte, Dealing with the Devil: East Germany, Detente, and Ostpolitik, 1969-1973 (Chapill Hill, North Carolina: University of North Carolina Press, 2001).

reduction of forces in Europe.<sup>30</sup> But the administration noted that the progress made on Ostpolitik and the Berlin negotiations made the CSCE a likely prospect, and difficult to oppose in light of US détente policy and pressure from Europe and Russia.<sup>31</sup>

The US administration even expressed scepticism about the SALT negotiations. In July 1971, Melvin Laird and the Joint Chiefs of Staff (JCS) feared that the treaties would place too many offensive weapon limits on the US, at a time of Soviet technical advances.<sup>32</sup> This might result in the US losing parity with the Russians, changing the strategic balance, thus undermining the US military and diplomatic position. Nixon also distrusted the Soviet leadership. Just two months before the signing of SALT, Nixon stated that “we should have no illusions. We believe in arms control but...they have been going for superiority”.<sup>33</sup> Nixon continued to fund nuclear programs, including the development of ABM systems, because he thought that it would be irresponsible not to continue.<sup>34</sup> This could cause a battle with the Congress, the press, and the Russians over the continued development of weapons. But Nixon believed that “the Soviets would go on regardless of what we agreed” on SALT.<sup>35</sup> This recognised the difficulty in the Nixon administration’s dual policy, which sought both negotiation and competition in superpower relations.

Generalisations about détente cover up the mix of competition and cooperation involved in superpower relations 1969-1974, as well as the differing conceptions of the policy in the US, the Soviet Union, and the countries of Western and Eastern Europe. The two superpowers continued to compete in the political, economic, and cultural spheres, and in the further development of nuclear capabilities. Regional conflicts continued with superpower influence, such as the Arab-Israeli dispute, the 1971 Indo-Pakistan War, and in Africa and Latin America. The period 1969-1974 were important years for détente, a key aspect of Nixon’s first term foreign policy, which in turn influenced Anglo-American relations and wider US-European relations.

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<sup>30</sup> Minutes; “NSC Meeting: NATO & MBFR”; 19 November 1970; Box H-029; NSC Institutional Files: Minutes of Meeting; NSC; NPM; NPL. Study; “Mutual and Balanced Force Reduction between NATO and the Warsaw Pact”; 16 October 1970; Box H-29; NSC Institutional Files: Meeting Files: NSC; NPM; NPL.

<sup>31</sup> Study; “Position Paper for Quadripartite Talks on Berlin”; January 1971; Box H-179; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>32</sup> Memo; Laird to Nixon; “Offense Position of NSDM 117”, 12 July 1971; Box H-224; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL. Minutes; “NSC Meeting: SALT”; 8 March 1971; Box H-110; NSC Institutional Files: Minutes of Meeting: NSC; NPM; NPL.

<sup>33</sup> Minutes; “NSC Meeting: SALT”; 17 March 1972; Box H-110; NSC Institutional Files: Minutes of Meeting: NSC; NPM; NPL.

<sup>34</sup> Minutes; “NSC Meeting”; 19 February 1969; Box H-109; NSC Institutional Files: Minutes of Meeting: NSC; NPM; NPL.

<sup>35</sup> Minutes; “NSC Meeting: SALT”; 8 March 1971; Box H-110; NSC Institutional Files: Minutes of Meeting: NSC; NPM; NPL.

## US-Chinese Rapprochement

As one of the key aspects of Nixon's foreign policy, many historians have focussed on Chinese rapprochement. The prevailing view is that the opening of China was a major foreign policy achievement in influencing the Cold War. Dallek thought that it worked as "a device for pressuring the Soviet Union into more accommodating relations with the West".<sup>36</sup> A number of historians have questioned the extent to which Nixon's visit to China entailed showmanship over the actual normalisation of relations.<sup>37</sup> There is also a debate over who initiated and drove forward the policy – Kissinger or Nixon?<sup>38</sup> Furthermore, was it a systematic, decisive move, or uncertain and muddled?<sup>39</sup>

In Sino-American relations, several political and defence issues existed which created the adversarial relationship. Firstly, China and the US fought an ideological and verbal battle in the international sphere, with competing government systems. Militarily, the tension partly stemmed from the Korean War (1950-1953), when the Chinese intervened on the side of North Korea, against the US-backed South Korea. By 1969, the NSC believed that China had the conventional military power to threaten its neighbours.<sup>40</sup> This meant that the US needed to maintain large conventional forces and bases in the region. Moreover, the US thought that China sponsored insurgencies in Thailand, Burma, North Korea, and North Vietnam, which needed to be opposed. Finally, the development of Chinese nuclear capabilities, although dwarfed by US and Russian capacity, threatened US interests in preventing the spread of nuclear weapons. Several problems therefore existed which prevented a "normalisation" of relations between China and the US.

The early Nixon administration internally debated whether to continue its overall policy of Chinese deterrence or to seek a rapprochement with communist China. The key factors influencing this debate were the Sino-Soviet split, the low impact of US deterrence policy in China since the Korean War, the economic benefits of improved relations, and the underlying assumption that a more open China would be in the US interest. At his first press conference in January 1969 Nixon made clear that "I see no immediate prospect of any change in our policy" with regards to US-Chinese relations.<sup>41</sup> But soon afterwards in February he commissioned a

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<sup>36</sup> Dallek, Partners in Power, 618. Ambrose Nixon: The Triumph of a Politician, 653-654.

<sup>37</sup> For a recent study on China see Margaret Macmillan, Seize the Hour: When Nixon Met Mao (London: John Murray, 2006). Also see the studies on triangular diplomacy discussed above. Thornton, The Nixon-Kissinger.

<sup>38</sup> Bundy, A Tangled Web, 100.

<sup>39</sup> Study; NSC Interdepartmental Group for East Asia; "United States China Policy: Outline and Issues"; March 1969; Box H-134; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>41</sup> Nixon; "Relations with Communist China"; 27 January 1969; The President's News Conference; The American Presidency Project [online]: <http://www.presidency.ucsb.edu/ws/?pid=1942>.

study into “alternative US approaches on China”, to be carried out by the NSC Interdepartmental Group for East Asia.<sup>42</sup>

Nixon had contemplated a major innovation in US China policy for many years, and it was his initiative in government which carried Kissinger and the rest of the administration to opening China. It is generally considered by historians and political commentators that Nixon’s reputation as an anti-communist and ‘Cold War Warrior’ probably helped him politically, whereas Kennedy and Johnson may have encountered domestic problems in an opening to China. Nixon believed that strong relations with China would benefit the US in the long term. In Nixon’s well-known 1967 article, “Asia After Viet Nam” in Foreign Affairs, he stated that “we simply cannot afford to leave China forever outside the family of nations....There is no place on this small planet for a billion of its...people to live in angry isolation”.<sup>43</sup> Nixon also argued in the article that the development of a stable international system would facilitate global economic cooperation. Thus Nixon indicated that, firstly, the opening of China and its progressive development would benefit the US, and that, secondly, US containment / isolation strategy had failed to have a major impact on China.

However, some government agencies supported a continuation and strengthening of Chinese containment, through increasing the US military presence in the region and backing independent Asian nations.<sup>44</sup> The policy director of the JCS, Ferdinand Unger, told Kissinger that “he and his staff believed that we should stay with our present policy” because it “is working so well”.<sup>45</sup> Gilbert Nutter, the Assistant Secretary of Defence for International Security Affairs, agreed, stating that “he was reasonably impressed with the success of our present policy”.<sup>46</sup> Kissinger thought that undoing isolation might harm the US, wondering if “we really wanted China to be a world power like the Soviet Union....Fifteen years from now we may look back with nostalgia on the Chinese role today in the world”.<sup>47</sup> For Kissinger, the main benefit of opening China was in the context of US-Soviet relations and taking advantage of the Sino-Soviet split.

The government agencies developed a consensus that an increased international role for the PRC would encourage openness, cultural exchange, and improved diplomatic relations. The NSC East Asia group concluded that “there is no prospect that China’s present form of government will be changed by force” and that “it is impossible effectively to isolate a nation as

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<sup>42</sup> Memo; “NSSM 14: US China Policy”; 5 February 1969; Box H-134; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>43</sup> Nixon, “Asia After Viet Nam”, 121.

<sup>44</sup> Study; NSC Interdepartmental Group for East Asia; “United States China Policy: Outline and Issues”; March 1969; Box H-134; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>45</sup> Minutes; “SRG Meeting: US China Policy; Nuclear Planning Group Issues”; 15 May 1969; Box H-111; NSC Institutional Files: Minutes of Meeting: SRG; NPM; NPL.

<sup>46</sup> Ibid.

<sup>47</sup> Ibid.

large as China”.<sup>48</sup> The group assumed that China, with its 700 million people, would not remain isolated, and so in the long term the US needed to improve relations with a growing China. This indicated that US deterrence policy had stagnated and thus undermined the argument for continuing and increasing a containment strategy against China.

The perceived economic benefits of improving relations with China also encouraged the administration to shift US policy, although this was secondary to the political aspects. The Senior Review Group argued that the opening of trade with China “would be a balance of payments gain for the United States and our exporters would compete in a market not now open to them”.<sup>49</sup> The State Department voiced concern about “materially assisting the Chinese communists”, but concluded that it would “do more to promote US foreign policy and economic interests than it would benefit the Chinese communists”. Hence, State supported the relaxation of trade both for the economic benefits and to “hold open the door” for improved political relations with China.<sup>50</sup>

Nixon revised US China policy, which now sought to improve diplomatic, economic, and military relations. The first steps, taken before Heath entered office, started in June 1969 with the US unilateral relaxation of trade with China for non-strategic goods, such as food, pharmaceuticals, agricultural equipment, and fertilizer.<sup>51</sup> Nixon explicitly prevented US firms from supplying petroleum products to Chinese ships, even if it “hurts our oil companies through loss of trade far more than it bothers the Chinese”.<sup>52</sup> The administration discussed the option of gradually reducing the level of the US military presence in Taiwan following the end of the Vietnam War.<sup>53</sup>

The next stage of rapprochement took place in secrecy, without consultation with the State Department, the DOD, or allies. Kissinger went on a secret visit to Peking in July 1971, followed by Nixon’s announcement that he would meet the PRC leader, Mao Zedong, which he did in August 1972. The opening of China mixed two desires in US policy: firstly, to alter the balance of power in the Cold War within the context of the Sino-Soviet split, and secondly, to have a more conciliatory relationship with China, independent from triangular diplomacy. This was a key aspect of foreign policy, which reduced the amount of time the administration spent dealing with Anglo-American relations and European integration, although they were still important alliances.

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<sup>48</sup> Study; NSC Interdepartmental Group for East Asia; “United States China Policy: Outline and Issues”; March 1969; Box H-134; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.  
<sup>49</sup> Memo; Arthur Hartman (Staff Director) to Nixon; “NSDM 17: China Trade”; 17 July 1969; Box H-210; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.  
<sup>50</sup> Memo; Richardson to Kissinger; “Removal of Restrictions on US Trade with China”; 21 June 1969; Box H-210; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.  
<sup>51</sup> Memo; “NSDM 17: Relaxation of Economic Controls Against China”; 26 June 1969; Box H-210; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.  
<sup>52</sup> Memo; Kissinger to Nixon; “Actions to Indicate Possible Opening Towards China”; 23 June 1969; Box H-210; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.  
<sup>53</sup> Study; State Department; “US China Policy: Issues Paper”; 6 March 1971; Box H-177; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

## The Vietnam War and the Nixon Doctrine

Ending the Vietnam War, a priority for Nixon because of its domestic and Cold War importance, dominated all other foreign policy issues on the US political scene during Nixon's first term, and played an important part in US foreign relations. While both orthodox and revisionist historians have praised Nixon's China and Russian policies, the Vietnam War divided opinion. Interpretation focused around the purpose behind Nixon's policy, the exact nature of it, and why the 1973 Paris peace agreements 'failed'.<sup>54</sup> Nixon's focus on Vietnam contributed towards the view that Nixon had little interest in European integration and Anglo-American relations.

Elected in November 1969 with a mandate to end the war, soon after his inauguration in January he implemented a strategy of 'Vietnamisation' - the gradual withdrawal of American forces and the strengthening of the Army of the Republic of Vietnam.<sup>55</sup> Nixon aimed to preserve an independent non-communist South Vietnam and keep American international credibility intact, as he sought to explain in his memoirs: "to abandon South Vietnam to the Communists now would cost us inestimably in our search for a stable, structured, and lasting peace".<sup>56</sup> Thus the conduct of the Vietnam War played an important role in Nixon's foreign and domestic policy, in which he sought to end the war while maintaining US credibility.

Vietnamisation and the withdrawal of US troops from Vietnam were elements of the Nixon or 'Guam' Doctrine, whereby the government would move away from the interventionist policies of previous administrations and seek a reduction in the number of US worldwide troops. Many historians have interpreted this as a shift in US foreign policy. However, this was less of a doctrine and shift than a continuation of previous policies and recognition of the changing circumstances, from nuclear arms parity and détente, to the economic and political difficulties on the home front.<sup>57</sup> In particular, it resembled aspects of the Truman Doctrine, announced by President Truman on 12 March 1947, in which the US would provide economic and military aid to Greece and Turkey to prevent those countries falling under Soviet influence.<sup>58</sup>

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<sup>54</sup> Richard Nixon, No More Vietnams (London: W.H. Allen, 1986), 165. Christopher Jespersen, "Kissinger, Ford, and Congress: The Very Bitter End of Vietnam", The Pacific Historical Review, Vol. 71, No. 3, 2002, 439-473. Frank Snapp, Decent Interval: The American Debacle in Vietnam and the Fall of Saigon (London: Allen Lanes, 1980). Larry Berman, No Peace, No Honour: Nixon, Kissinger, and the Betrayal in Vietnam (New York: The Free Press, 2001). Jeffrey Kimball, Nixon's Vietnam War (Kansas: Kansas University Press, 1998).

<sup>55</sup> "President Nixon's Speech on Vietnamisation", 3 November 1969, Public Papers of the Presidents of the United States: Richard Nixon (Washington D.C: Government Printing Office, 1969), 901-909. "Four Vietnam Statements, 1970", in Richard Nixon: Speeches, Writings, Documents, ed., Rick Perlstein, (Oxford: Princeton University Press, 2008), 200-208.

<sup>56</sup> Nixon, The Memoirs, 349.

<sup>57</sup> Jeffrey Kimball, 'The Nixon Doctrine: A Saga of Misunderstanding', Presidential Studies Quarterly, Vol. 36, No. 1, 1996, 59-74. Bundy, A Tangled Web, 518.

<sup>58</sup> Melvyn P. Leffler, A Preponderance of Power: National Security, the Truman Administration, and the Cold War (Stanford: Stanford University Press, 1992).

Nixon informally announced the ‘doctrine’ to reporters in Guam on 25 July 1969 while discussing the US role in Asia after the Vietnam War. Nixon said that “Asians...do not want to be dictated to from the outside, Asia for the Asians...we should assist, but we should not dictate”.<sup>59</sup> Foreshadowing the Nixon Doctrine, Nixon had said in his 1967 Foreign Affairs article that “other nations must recognise that the role of the United States as world policeman is likely to be limited in the future”. Therefore, “a collective effort by the nations of the region to contain the threat themselves” would be needed.<sup>60</sup> Moreover, Nixon had said that Vietnam created severe strains on the US – economically, militarily, socially, and politically.<sup>61</sup> Nixon recognised it would be difficult for the US government to pursue interventionist policies. US foreign policy had been limited and undermined by, firstly, the domestic movement against the war in Vietnam and other conflicts, in Congress and on the streets (as discussed in chapter 1), and secondly, because of the economic strain and balance of payments deficit. This resulted in the Nixon Doctrine.

In dealing with the Nixon Doctrine it is important to consider the long-term origins of the strategy. As discussed in chapter 1, from the late 1960s a growing debate in the US, which called for the withdrawal of American troops from Vietnam, eventually saw a general reduction of troops abroad because of economic pressures and military failures. Also, in evaluating the implementation of the Nixon Doctrine, an analysis of the actual number of worldwide troops under Nixon is important. The total of US troops abroad in 1969 was 3,449,271, which fell to 2,157,023 by 1974.<sup>62</sup> These statistics might suggest the success of the Nixon Doctrine in bringing down the level of US troops overseas, although it does not reveal the results of passing the defence burden on to other authorities.

Moreover, the administration continued to be involved in other conflicts. During the process of Vietnamisation Nixon and Kissinger actually expanded the war, in contradiction to the doctrine. But Nixon believed that “there are three wars – on the battlefield, the Saigon political war, and US politics”.<sup>63</sup> On the battlefield Nixon expanded the war on two key occasions; firstly in April 1970 with the Cambodia incursion; then in February 1971, when ground troops were sent to Laos. Nixon also launched three major air offensives against North Vietnam: “Freedom Train” (April 1972); “Linebacker I” (May to October 1972); and “Linebacker II” (18-29 December 1972), dubbed the ‘Christmas bombing’, which Nixon hoped would compel Hanoi to sign a peace agreement. The air raids killed an estimated 13,000 North Vietnamese in 1972, adding to the 851,000 total deaths in both North and South Vietnam from

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<sup>59</sup> Press Conference; Nixon; “Informal Remarks in Guam with Newsmen”; 25 July 1969; American Presidency Project [online]: <http://www.presidency.ucsb.edu/ws/index.php?pid=2140&st=&st1=Nixon>, “Asia After Viet Nam”, 114.

<sup>60</sup> Ibid.

<sup>61</sup> US Department of Defence [online]: ‘Military Personnel Historical Reports’ 1950-1999: <http://siadapp.dmdc.osd.mil/personnel/MILITARY/history/309hist.htm>.

<sup>62</sup> Minutes; “NSC Meeting: Vietnam”; 12 September 1969; Box H-109; NSC Institutional Files: Minutes of Meeting: NSC; NPM; NPL.

1964 to 1972.<sup>64</sup> Between the 1968 election and the 1973 peace agreement 20,553 US troops were killed (taking the total number of American fatalities to 58,000). Thus the administration expanded the war in selected areas before ending US involvement.

Nixon told the NSC in 1969 that his strategy for the US domestic battle would be “to lower the level of forces and reduce casualties” which could help subdue the anti-war movement.<sup>65</sup> He reduced the number of troops from 550,000 to 20,000 by the 1972 presidential election and ended the draft, while combat deaths were down to 641 (compared to 16,592 in 1968).<sup>66</sup> Meanwhile on the diplomatic front, in 1969 Kissinger entered into secret negotiations with the North Vietnamese in Paris, leading to the signing of a peace agreement on 27 January 1973.<sup>67</sup> Thus Nixon took several approaches to Vietnam, which included Vietnamisation, the gradual withdrawal of US troops, negotiations with the North Vietnamese, and the expansion of the war, which were all important preoccupations of the administration.

### The Atlantic Alliance and NATO Burden Sharing

The Atlantic Alliance and NATO formed a central part of US Cold War policy, and set the foundation of the administration’s policy towards Western European integration and the preservation of the Anglo-American relationship.<sup>68</sup> The Nixon administration, committed to maintaining a large conventional force in Europe, sought to uphold the political and military alliance of Western Europe and prevent Soviet domination of the continent. As with his Vietnam War policy, Nixon faced calls from the Congress to reduce the US troop commitment to Europe, which became an issue in Anglo-American relations. But the administration fought off domestic opposition because of NATO’s position as a key pillar of US Cold War strategy.

The North Atlantic Treaty, signed in Washington DC in April 1949, was a military and political alliance between North America and many European countries with similar political, ideological and economic systems, seeking to defend against Soviet influence in Europe.<sup>69</sup> As a response to the West German accession to NATO in May 1955, the Soviet Union established

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<sup>64</sup> Robert Pape, Bombing to Win: Air Power and Coercion in War (Ithaca: Cornell University Press, 1996), 197 & 208.

<sup>65</sup> Minutes; “NSC Meeting: Vietnam”; 12 September 1969; Box H-109; NSC Institutional Files: Minutes of Meeting: NSC; NPM; NPL.

<sup>66</sup> “Statistical information about casualties of the Vietnam War”, The National Archives [online], <http://www.archives.gov/research/vietnam-war/casualty-statistics.html>

<sup>67</sup> Speech; Nixon; “Address to the Nation Announcing Conclusion of an Agreement on Ending the War and Restoring Peace in Vietnam”; 23 January 1973; The American Presidency Project [online]: <http://www.presidency.ucsb.edu/ws/?pid=3808>

<sup>68</sup> For a key study on the history of NATO: Lawrence Kaplin, NATO Divided, NATO United: The Evolution of an Alliance (Westport, Connecticut: Praeger, 2004). Also see Hubert Zimmermann, “The Improbable Permanence of a Commitment: America’s Troop Presence in Europe during the Cold War”, Journal of Cold War Studies, Vo. 11, No. 1, 2009, 3-27.

<sup>69</sup> The original signatories were Belgium, Britain, Canada, Denmark, France, Iceland, Italy, Netherland, Norway, Portugal, and the United States. Greece and Turkey joined in 1952 and West Germany in 1955.

the Warsaw Pact between itself and several East European countries. Thus, the NATO and Warsaw Pact systems were central parts of the Cold War between the US and Soviet Union.<sup>70</sup>

On entering office Nixon implemented a major review of US NATO strategy, which reaffirmed US support for NATO and the Atlantic Alliance.<sup>71</sup> The issues investigated by the NSC, State Department, and DOD were alternative approaches to European defence and security, US troop levels, NATO nuclear strategy and forces (held by the US, France, and Britain), the possibility of MBFR, and the division of forces between the NATO allies (burden sharing).<sup>72</sup> Thus the administration took a comprehensive approach to NATO issues.

But the starting point of the NSC review of policy options, that “NATO is a key element in the European-American community which the President seeks to strengthen and revitalize” and that “NATO is also the institutional capstone of the trans-Atlantic security system”, indicated that any changes would not alter the fundamental structure and importance of NATO in overall US foreign policy during Nixon’s term in power.<sup>73</sup> At the 20<sup>th</sup> anniversary conference of NATO held in Washington DC on 10 April 1969 Nixon publically signalled the centrality of the Western alliance to US policy.<sup>74</sup> Thus, the Nixon administration sought to continue post-1949 US policy on NATO. The continuation of US support for a strong NATO, based on political and military objectives, showed that, despite a general policy of détente, the US and the Soviets continued to compete in the European field.<sup>75</sup>

Two key factors influencing Nixon’s review of NATO policy were détente and nuclear arms parity. On the issue of rough arms parity, the new strategic situation undermined the nuclear threat, thus increasing the importance of conventional NATO forces.<sup>76</sup> Nixon told the NSC in November 1970, discussing NATO, that nuclear arms parity meant that nuclear weapons were no longer credible on their own, and that “we must have nuclear parity and also a significant conventional capability”.<sup>77</sup> Thus, Nixon issued a directive that in view of the

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<sup>70</sup> The treaty was signed by Albania, Bulgaria, Czechoslovakia, Hungary, Poland, and Romania.

<sup>71</sup> Memo; “NSSM 6: Review of NATO Policy Alternatives”; 21 January 1969; Box H-128; NSC Institutional Files: Policy Papers: NSSM; NPM; NPL.

<sup>72</sup> Memo; “NSSM 65: “Relationships Among Strategic and Theatre Forces”; 8 July 1969; Memo; “NSSM 83: US Approaches to Current Issues on European Security”; 21 November 1969; Memo; “NSSM 84: US Strategic Forces for NATO”; 21 November 1969; Box H-026; NSC Institutional Files: Policy Papers: NSSM; NPM; NPL. Memo; “NSSM 92: Mutual and Balanced Force Reductions Between NATO and the Warsaw Pact (MBFR)”; 13 April 1970; Box H-030; NSC Institutional Files: Policy Papers: NSSM; NPM; NPL.

<sup>73</sup> Study; NSC; “US Policy Towards NATO”; 5 April 1969; Box H-021; NSC Institutional Files: Meeting Files: NSC; NPM; NPL.

<sup>74</sup> Speech; Nixon; “Address by the President to the Commemorative Session of the North Atlantic Council”; 10 April 1969; The American Presidency Project [online]: <http://www.presidency.ucsb.edu/ws/index.php?pid=1992>

<sup>75</sup> Study; NSC; “NATO Issue Paper: NSSMs 84 & 92”; October 1970; NSC Institutional Files: Meeting Files; NSC; NPM; NPL.

<sup>76</sup> Minutes; “NSC Meeting: NATO & MBFR”; 19 November 1970; Box H-109; NSC Institutional Files: Minutes of Meeting: NSC; NPM; NPL. Memo; Kissinger to Nixon; “Decisions Regarding US Strategies and Forces for NATO”; 24 November 1970; Box H-221; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.

<sup>77</sup> Minutes; “NSC Meeting: NATO & MBFR”; 19 November 1970; Box H-109; NSC Institutional Files: Minutes of Meeting: NSC; NPM; NPL.

“strategic balance” between the US and the Soviet Union, NATO would maintain a “credible conventional defense posture” with the US contribution up to the authorised level of 319,000.<sup>78</sup> This indicated the importance of the Atlantic Alliance to overall US foreign policy.

Nixon also wanted the NSC to consider the status of NATO in light of détente.<sup>79</sup> Directly related to this issue was MBFR and the European security conference, both of which sought to ease tension between Western and Eastern Europe. The NSC thought that seeking MBFR would indicate US consistency in wanting to ease East-West tension, showing “NATO’s ability to pursue détente with the East” and that it could “lay the groundwork for later, more comprehensive, arms control arrangements”, as well helping the US avoid a European security conference. However, the NSC noted deep concern that the “Soviet Union may try to use MBFR negotiations to divide the alliance and weaken NATO’s will” to maintain significant forces in Europe.<sup>80</sup> Following the NSC meeting on 17 June 1971, Nixon decided to explore MBFR with the Warsaw Pact, on the basis of developing “a consensus within the NATO alliance”.<sup>81</sup> Thus, while the US would maintain a strong conventional force in Europe due to arms parity and the need to retain a political and military role in Europe, it would simultaneously give support to the idea of MBFR as a component of détente.

The Congressional debate over US force levels in Vietnam, discussed in chapter 1, spilled into the European arena. In May 1971 Senate Leader Mike Mansfield sought to limit the number of US troops in Europe to 150,000 which he argued could be done without endangering Western European security (the Mansfield Amendment).<sup>82</sup> The number of US troops stationed in Europe in 1971 was 274,082; the current authority allowed up to 319,000, and thus the Mansfield Amendment would reduce the troop level by nearly half.<sup>83</sup>

Mansfield thought that the US carried too much of the economic burden of defence in Europe, relative to the role played by their allies. Furthermore, he argued that it weakened the US balance of payments and harmed the value of the dollar abroad which caused international monetary crises.<sup>84</sup> There was also a degree of sympathy for this in the Nixon administration.

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<sup>78</sup> Memo; “NSDM 95: US Strategy and Forces for NATO”; 25 November 1970; Box H-221; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.

<sup>79</sup> Memo; “NSSM 83: US Approaches to Current Issues on European Security; 21 November 1969; Box H-026; NSC Institutional Files: Policy Papers: NSSM; NPM; NPL. Study; NSC; “NATO Issue Paper: NSSMs 84 & 92”; October 1970; H-026; NSC Institutional Files; Meeting Files; NSC; NPM; NPL.

<sup>80</sup> Study; NSC; “Evaluation Report: Mutual and Balanced Force Reduction Between NATO and the Warsaw Pact”; 16 October 1970; Box H-029; NSC Institutional Files: Meeting Files: NSC; NPM; NPL.

<sup>81</sup> Memo; “NSDM 116: US Policy on Mutual Force Reductions in Europe (MBFR)”; 28 June 1971; Box H-224; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.

<sup>82</sup> US Senate, ‘Reduction of United States military forces in Europe’, Congressional Record, 117:11 (11 May 1971), 14398. Mansfield Amendment # 86 to the Military Selective Service Act (1967).

<sup>83</sup> ‘Military Personnel Historical Reports 1950-1999’, US Department of Defence [online] <http://siadapp.dmdc.osd.mil/personnel/MILITARY/history/309hist.htm>

<sup>84</sup> Memo; “NSSM 170: Offsetting the Costs of U.S. Forces in NATO Europe”; April 1973; Box H-067; NSC Institutional Files: SRG Meeting Files; NPM, NPL.

Rogers told Nixon that their allies “need to do more” and, showing concern for the domestic scene, argued that it “is important for our Congressional attitudes”. Laird believed that Western European countries “can afford it”. Moreover, the “allies have the ball in their court...they admit that they are not sharing the burden properly”.<sup>85</sup> Therefore, the issue of burden sharing gained strong support from members of the administration.

But, while the administration agreed with Congress that the allies should take on a greater role, they disagreed with Mansfield that force levels should be unilaterally dropped. Nixon and Kissinger would only reduce troops in Europe through negotiations with Allies and the Soviet Union, through MBFR.<sup>86</sup> The White House viewed the Mansfield amendments as a threat to US post-war foreign policy in Europe.<sup>87</sup> The amendments were defeated with the help of senior members of the Congress and advisers from Johnson’s administration, an interesting case of cross-party cooperation.<sup>88</sup> The Mansfield Amendment did put pressure on the administration to seek a greater role from allies. This episode displayed the executive-legislative conflict, as well as the administration’s commitment to the defence of Western Europe.

#### Nixon’s Early Policy on Anglo-American Relations and the EC 1969-1970

Nixon’s early policy on Western Europe re-affirmed US support for the enlargement and integration of the EC, which would benefit the Atlantic Alliance and US political and defence policy. Furthermore, in Anglo-American relations Nixon sought to take a political hands-off posture towards the UK application to join the EC in order to prevent them appearing as a US Trojan horse, which could have a negative impact in the membership negotiations. This displayed recognition of the British dilemma in balancing relations between the EC and the US during the negotiation phase.

Nixon departed for his first major presidential trip abroad on 22 February 1969, a tour of Europe, which included bilateral discussions in London, Bonn, Rome, and Paris, as well as multilateral meetings at NATO headquarters. After meeting with President Jean Rey of the EC Commission, Nixon declared that it had “strengthened my convictions as to the high purpose and indispensability of European economic integration”.<sup>89</sup> Nixon set out this policy in greater

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<sup>85</sup> Minutes; “NSC Meeting: NATO & MBFR”; 19 November 1970; Box H-109; NSC Institutional Files: Minutes of Meeting; NSC; NPM; NPL.

<sup>86</sup> Memo; “NSDM 116: U.S. Policy on Mutual Force Reductions in Europe (MBFR)”; 28 June 1971; Box H-224; NSC Institutional Files: Policy Papers: NSDM; NPM, NPL.

<sup>87</sup> Memo; “NSDM 95: U.S. Strategy and Forces for NATO”; 25 November 1970; Box H-221; NSC Institutional Files: Policy Papers: NSDM; NPM, NPL. Also see Telecon; Kissinger to John C. Stennis; 12 May 1971; Box 10, File 1; Kissinger Telecons: Chronological File; NPM, NPL. John Stennis was the Chairman of the U.S. Senate Committee on Armed Services (1969-1981).

<sup>88</sup> Telecon; Kissinger to George Ball & Kissinger to McGeorge Bundy & Kissinger to Dean Acheson; 12 May 1971; Box 10, File 1; Kissinger to President Johnson; 14 May 1971; Box 10, File 1; Kissinger Telecons: Chronological File, NPM, NPL.

<sup>89</sup> Speech; Nixon; “Remarks on Departure from Belgium”; 24 February 1969; The American Presidency Project [online]: <http://www.presidency.ucsb.edu/ws/index.php?pid=2414&st=&st1=>

detail in his first annual Foreign Policy Report to Congress on 18 February 1970, which continued the standard position of US governments since 1945. It accorded a high priority for Europe, reaffirming US commitment to Western Europe, the EC, and the importance of maintaining nuclear and conventional forces for the defence of Europe.<sup>90</sup> But some members of the administration complained to Kissinger and Nixon that the Foreign Policy Report did not give enough attention to the growing economic competition between the EC and US. Kissinger feared that the “economic agencies would fervently oppose” any European policy that threatened US economic interests.<sup>91</sup>

Also of note, Nixon’s report to Congress pointed to a policy of non-interference on European unity, arguing that it “is fundamentally the concern of the European. We cannot unify Europe.”<sup>92</sup> This was in contrast to previous presidents, such as Kennedy, who actively pushed for EC integration. Nixon told Congress that “When the United States in previous Administrations turned into an ardent advocate it harmed rather than helped progress”.<sup>93</sup> This suggested a hands-off approach. These early public statements by Nixon were the official line of the administration during its first year.

But since February 1969 the US Department of Agriculture (USDA) had been pushing the White House for an examination of EC policy. Nixon had been occupied with developing policy on Vietnam, Russia, and China.<sup>94</sup> The USDA had come under strong pressure from farming groups, criticising EC trade policies that affected their industries.<sup>95</sup> So the USDA launched its own internal investigation. Its study, completed in August 1969, took a strongly sceptical view of the EC enlargement.<sup>96</sup> Then in October 1969 two members of the NSC staff, Fred Bergsten and Helmut Sonnenfeldt, pointed out to Kissinger that “there is no systematic work going on” in the government about the upcoming enlargement negotiations, and that an

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<sup>90</sup> Report; Nixon; “First Annual Report to Congress on United States Policy for the 1970s”; 18 February 1970; The American Presidency Project [online]:

<http://www.presidency.ucsb.edu/ws/index.php?pid=2835&st=&st1=>

<sup>91</sup> Memo; Kissinger to Nixon; “Guidelines for US Policy Towards Expansion of the European Community”; 30 June 1970; Box H-217; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.

<sup>92</sup> Report; Nixon; “First Annual Report to Congress on United States Policy for the 1970s”; 18 February 1970; The American Presidency Project [online]:

<http://www.presidency.ucsb.edu/ws/index.php?pid=2835&st=&st1=>

<sup>93</sup> Ibid.

<sup>94</sup> Memo; Hardin to Kissinger; “EEC Agriculture and US Trade”; 13 February 1969; Box 5020; General Correspondence: Foreign Relations 1969; General Records of the Department of Agriculture (RG) 16; NARA II. Memo; Kissinger to Hardin; 20 February 1969; Box 5020; General Correspondence: Foreign Relations 1969; RG 16; NARA II.

<sup>95</sup> Letter, Charles Shuman (President of American Farm Bureau Federation) to Hardin; 24 September 1969; Box 5016; General Correspondence: Foreign Relations 1969; RG 16; NARA II. Letter; Kenneth Naden (Executive President of National Council of Farmers Cooperatives) to Hardin; 16 July 1970; Box 5020; General Correspondence: Foreign Relations 1970; RG 16; NARA II.

<sup>96</sup> Paper; USDA; “The Agricultural Situation of the European Common Market and its Relationship to the Entry of Great Britain into the Market”; 27 August 1969; Box 5019; General Correspondence: Foreign Relations 1969; RG 16; NARA II.

investigation was needed.<sup>97</sup> They also warned about the need to keep a low profile because “leaks that a study was going on would undermine our hands-off posture” towards the enlargement of the EC.<sup>98</sup> Nixon subsequently established an ad hoc group under the direction of the Department of State.<sup>99</sup>

This ad hoc group investigating EC policy failed to reach an agreement and present a unified report of policy options, which showed the wide differences within the administration on US European policy. State reported back to Kissinger that “we failed to agree on a common assessment or on a common statement of the problem.”<sup>100</sup> Instead, State presented two reports on behalf of the ad hoc group which supported EC integration and a continuation of US policy. The Treasury, USDA, and the Department of Commerce told Kissinger that “there are many statements throughout the document with which we disagree”<sup>101</sup> and that the ad hoc group had been a “State Department railroad”<sup>102</sup>, and therefore they submitted their own joint statement, objecting to the current policy line.

The State Department viewed the EC as a key grouping in Western Europe, vital to the future of the Atlantic Alliance and US Cold War policy, and thus expressed support for the strengthening of the EC in its report to Kissinger and Nixon. The State Department mapped out the underlying influence on its position, stating that the

Primary consideration of our support for European unification is the long term political benefit to the United States of an effectively united Europe which would assume a greater responsibility for the defense of the free world and play a more effective role in world affairs.<sup>103</sup>

This suggested that the State Department supported EC integration and expansion, not just within the context of the Atlantic Alliance, but as a greater force in international politics. State also backed Nixon’s policy of non-involvement, reiterating the importance of “deliberately maintaining a ‘low profile’ on what is essentially a European issue”, which indicated

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<sup>97</sup> Memo; Bergsten & Sonnenfeldt to Kissinger; “Proposed NSSM on UK Accession to the European Community”; 7 October 1969; Box H-164; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>98</sup> Ibid.

<sup>99</sup> Memo; “NSSM 79: UK Accession to the European Community”; 13 October 1969; Box H-164; NSC Institutional Files: Study Memo: NSSM; NPM; NPL. The Ad Hoc group, chaired by Martin Hillenbrand, (Assistant Secretary of State for European Affairs, 1969-1972), included representatives from the DOD, Treasury, Commerce and Agriculture, CIA, Office of the Special Representative for Trade Negotiations, the Council of Economic Advisers, the Bureau of the Budget, and Kissinger.

<sup>100</sup> Memo; Hillenbrand to Kissinger; “Enlargement of the European Community, NSSM’s 79 and 91”; 23 April 1970; Box H-170; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>101</sup> Memo; “Statement by the Departments of Treasury, Commerce, and Agriculture”; 22 April 1970; Box H-164; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>102</sup> Memo; Bergsten to Kissinger; “Analytical Summary and Issues for Decision Review Group: Enlargement of the European Community: Implications for the US and Policy Options”; 7 May 1970; Box H-044; NSC Institutional Files: Senior Review Group Meetings; NPM; NPL.

<sup>103</sup> Department of State Study Paper; “Enlargement of the European Community and Implications for the US”; April 1970; Box H-164; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

understanding for the British government's need to not appear as an American Trojan horse. State also believed that British entry would be vital to US interests, creating a more Atlantic-friendly EC, arguing that "with UK membership, a new balance of political forces will exist within the community...this addition will on balance contribute to the democratic, liberal and outward looking character of the European Community".<sup>104</sup> Thus, State supported the status quo on US European policy under Nixon.

The Departments of Treasury, Commerce, and Agriculture believed that the expansion of the EC would be a major factor affecting long term US foreign economic policy and feared that it would have disastrous effects on the US economy, and thus it recommended that the US take strong action to protect its interests during the enlargement process. Although the economic departments supported the EC in principle, they argued that political and economic factors could no longer be separated, stating that the US "for many years concentrated most of its attention on its political and military objectives". However, in the "enlarged EC, we will have a competitor large enough and strong enough to damage our interests seriously". Therefore, they argued that the US needed to inform the EC "without delay" that the political and military relationship "could be jeopardised" if the EC caused serious economic damage to US interests. They called on the administration to exercise US rights under the General Agreement on Tariffs and Trade (GATT).<sup>105</sup> Therefore, Treasury, Commerce and the USDA sought a major change in US European policy.

Congressional opinion on foreign economic trade policy also caused concern in the administration. Sections of the Congress had moved towards limited protectionism because of unfair EC trading practices (see chapter 4). The administration needed to signal that US interests would be protected; otherwise it might threaten political and military domestic support for Western Europe. Treasury, Commerce, and the USDA warned Nixon that if the US did not "protect our basic economic and financial interests" then the administration would "not retain Congressional and public support necessary to maintain our foreign policy in general".<sup>106</sup> Bergsten also showed concern for domestic factors. He told Kissinger that "we must defend our economic interests" both for "real economic reasons" and because of the need to "avoid jeopardizing domestic support of our pro-EC political stance".<sup>107</sup> Bergsten warned of "disarray

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<sup>104</sup> Department of State Study Paper; "NSSM 79 and 91: Enlargement of the European Community: Implication for the US and Policy Options"; 23 April 1970; Box H-170; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>105</sup> Memo; "Statement by the Departments of Treasury, Commerce, and Agriculture"; 22 April 1970; Box H-164; NSC Institutional Files: Study Memo: NSSM; NPM; NPL. GATT was a free trade forum established in 1946, and converted into the World Trade Organisation in 1995.

<sup>106</sup> Memo; "Statement by the Departments of Treasury, Commerce, and Agriculture"; 22 April 1970; Box H-164; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>107</sup> Memo; Bergsten to Kissinger; "Analytical Summary and Issues for Decision Review Group: Enlargement of the European Community: Implications for the US and Policy Options"; 7 May 1970; Box H-044; NSC Institutional Files: Senior Review Group Meetings; NPM; NPL.

on the hill” and that the issue “will get hotter as the UK-EC negotiations come nearer”.<sup>108</sup> Therefore, the problems between the White House and Congress on foreign economic trade policy threatened to spill into the political debate on EC expansion, which Nixon needed to take into account.

Kissinger and Nixon sought to find a middle way between the two sides. Essentially, the State Department position on the political and military importance of the EC and the positive impact of UK entry ran in line with Nixon’s view and current European policy. However, the economic departments throughout 1969 and early 1970 felt that the “economic problems have not gotten through to the President”. Kissinger’s NSC staff believed that State had “insisted on an unrealistically rosy picture of European developments, and that the economic agencies insisted on conjuring up vague fears of pending harm to our economic interests”, and thus room could be found for a common line between protecting US trade interests and supporting EC integration and Western Europe in the political and military fields.<sup>109</sup>

But the key was to moderate the position of Treasury, Commerce, and the USDA because in the final analysis Nixon supported EC expansion, and thus he would need to overrule these departments. This could lead to “their resultant grumble”, thus undermining European policy.<sup>110</sup> Kissinger believed that these departments had been far too influenced by business and agricultural interests, as well as congressional views.<sup>111</sup> Furthermore, Kissinger feared that their position represented a dangerous intervention in the enlargement negotiations. He warned Nixon that “excessive US participation could...impede progress towards closer European economic unity” and that the US needed to avoid taking on “a very bitter battle which could wreck the British negotiations with the blame placed on us”. The US would be a “handy scapegoat” for justifying failure.<sup>112</sup> Thus, Nixon sought to develop a policy which maintained a hand-off approach and support for enlargement, as well as taking into account the views of the economic departments.

The Nixon administration’s policy directive on EC enlargement reiterated support for the EC, and thus the administration did not take a sceptical view of Europe in its official policy as argued by some historians. US policy towards the EC would be guided by the principle of “support for expansion” and the “US willingness to accept some – but not excessive – economic

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<sup>108</sup> Memo; Bergsten to Kissinger; “Review Group Meeting on Enlargement of the European Community”; 6 May 1970; Box H-044; NSC Institutional Files: Senior Review Group Meetings; NPM; NPL.

<sup>109</sup> Memo; Bergsten to Kissinger; “Review Group Meeting on Enlargement of the European Community”; 6 May 1970; Box H-044; NSC Institutional Files: Senior Review Group Meetings; NPM; NPL.

<sup>110</sup> Ibid.

<sup>111</sup> Memo; Kissinger to Nixon; “Guidelines for US Policy Towards Expansion of the European Community”; 30 June 1970; Box H-217; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.

<sup>112</sup> Ibid.

costs as a result of the accession of new members”.<sup>113</sup> The Departments of Treasury, Commerce, and the USDA were not satisfied with this vague statement, arguing that the administration needed to take a tougher line with the EC and the UK in foreign economic trade policy.<sup>114</sup> But they were overruled by Nixon, who believed that the political benefits of European integration for US Cold War strategy trumped the economic disadvantages to US agriculture and commerce.<sup>115</sup> Nixon also expressed support for UK entry which he believed would have a liberalising effect on EC trade policy, and that the US should pursue a hand-off posture so as not to harm the UK’s accession application.

### **UK Foreign Policy Priorities**

#### Britain’s Economic Decline and Structural Change

Long term economic, political and strategic changes took place in British policy between 1945 and 1970, from a focus on empire and the Commonwealth to European integration. In 1950, Winston Churchill had said that there were three circles of British foreign policy, the Commonwealth, the US, and Europe. He argued that Britain was a world power, not a regional one, and thus the Commonwealth and Anglo-American relations must not be harmed. In 1961 a Macmillan defence directive stated Britain’s three main strategic roles – the defence of Western Europe and independent nuclear deterrent, an East of Suez role, and the Commonwealth.<sup>116</sup> The maintenance of an East of Suez and Commonwealth role signalled the intention of the UK government to retain a world-wide military and political presence, from the Indian Ocean to the Persian Gulf region, the Caribbean, and Africa, while the nuclear deterrent and protection of the Western Alliance involved cooperation with the US. However, by the time of the Wilson government, 1966-1970, East of Suez had become the least important strategic

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<sup>113</sup> Memo; “NSDM 68: US Policy Toward the European Community”; 3 July 1970; Box H-217; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.

<sup>114</sup> Memo; Hardin to Kissinger; 9 June 1970; Box 322; NSC Subject Files: European Common Market; NPM; NPL. Memo; John Petty (Assistant Secretary of Treasury) to Kissinger; “Draft NSDM re US Policy Toward the European Community”; 5 June 1970; Box 322; NSC Subject Files: European Common Market; NPM; NPL.

<sup>115</sup> Memo; Kissinger to Nixon; “Guidelines for US Policy Towards Expansion of the European Community”; 30 June 1970; Box H-217; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.

<sup>116</sup> Memo; “Defence Policy”; 23 October 1961; CAB 131/26, Defence Committee (D) (61) 65; NAUK.

and political area, as the government started its rundown of forces in the region. This marked a decline in Britain’s world defence role.<sup>117</sup>

The push for greater political and defence integration by EC countries had an important influence in encouraging the Macmillan, Wilson, and Heath governments to seek membership. Economics also drove Britain’s application for a new international association. However, Britain’s move towards European integration and a largely regional defence strategy did not signal a move away from the Anglo-American relationship, as sometimes portrayed. Europe and the US were both economically, politically, and strategically vital to Britain.

In the long term, Britain experienced relative economic decline and a structural trade shift which contributed to its move towards European integration. Britain’s relative economic decline was reflected in her place in world GDP/capita rankings. In 1950 Britain held seventh position, thirteenth by 1960, seventeenth in 1965, and then falling to twenty-second in 1970.<sup>118</sup> Furthermore, Britain had a low average annual rate of GDP growth compared to the countries in the EC, as shown in table 4 below. Hence, the Macmillan, Wilson, and Heath governments often cited economic factors behind their decisions to apply for EC membership, as a way of reversing Britain’s relative economic decline, even though political and defence matters were paramount to Britain joining the EC.

**Table 4: Gross Domestic Product (GDP) growth in selected countries and groups 1961-1970 (%)<sup>119</sup>**

Group or Country	Average annual rate of GDP (%)	
	1961-1970	1968-1970
<b>United States</b>	4.0	2.3
<b>EEC</b>	5.3	6.2
<b>United Kingdom</b>	2.7	2.3
<b>Japan</b>	11.1	12.3

From 1945 Britain’s economy underwent a major change in trading partners, shifting from the Commonwealth and East of Suez to Western Europe and the US, which increased the importance of those regions. As table 5 shows below, Britain’s export and import market grew significantly in the US and the countries of Western Europe. British exports to the EEC

<sup>117</sup> Memo; “Report of the Long Terms Study Group”; 12 October 1964; CAB 148/10, D.O. (O) (S) (64) 37, NAUK. The group (cross-departmental) produced three regional reports: the Far East, the Middle East, and Europe. Also see Memo; “British Interests and Commitments Overseas: A Report by the Defence and Overseas (Official) Committee”; 18 November 1964; CAB 130/213; NAUK. This was a summary of the Long Term Study Group reports, submitted to the Wilson government. Also see Minutes; “Defence Policy: Record of a Meeting held at Chequers”; 21 November 1964; CAB 130/213; NAUK. Saki Dockrill, ‘Britain’s Power and Influence: Dealing with Three Roles and the Wilson Government’s Defence Debate at Chequers in November 1964’, *Diplomacy and Statecraft*, Vol.11, No.1, 2000, 212.

<sup>118</sup> World Development Indicators, The World Bank [online]: [http://www.nationmaster.com/graph/eco\\_gdp\\_percap-economy-gdp-per-capita&date=1970](http://www.nationmaster.com/graph/eco_gdp_percap-economy-gdp-per-capita&date=1970)

<sup>119</sup> United Nations, *World Economic Survey 1971*, 38.

increased by 100% from 1951-1969 and accounted for a fifth of all exports by 1969. The European Free Trade Association (EFTA) accounted for nearly 15% of all export trade in 1969, which, added together with EEC exports, totalled 35.5% of the British export market, vital to the economy.<sup>120</sup> However, during the same period, export trade with the Commonwealth fell by over 50% and imports by 41.7%, although in 1969 it still amounted to a significant proportion of total exports and imports. British exports to Malaysia/Singapore, the area of the largest British military commitment ‘East of Suez’, remained minuscule throughout the period. The proportion of British exports to the US market increased by 132% from 1951-1969, the largest increase of any region. The US was the most important single country economy to Britain.

**Table 5: British Exports and Imports: Selected Areas 1951-1969 (% of total £ million)<sup>121</sup>**

Column A		Column B	Column C	Column D	Column E
Region		1951	1961	1969	Percentage Change in Share of total 1951-1969
Commonwealth	Export	50.5%	33%	21.8%	- 56.8%
	Import	39.9%	31.5%	23.2%	- 41.7%
USA	Export	5.3%	8.5%	12.3%	+ 132.0%
	Import	9.8%	10.8%	13.5%	+ 37.8%
ECSC/EEC	Export	10.4%	18%	20.8%	+ 100.0%
	Import	13.2%	15.2%	19.4%	+ 47.0
EFTA	Export	–	12.7%	14.7%	+ 15.7%
	Import	–	12.3%	15%	+ 22.0%
Middle East	Export	5.5%	5.9%	6.6%	+ 20.0%
	Import	7.7%	7.4%	7.9%	+ 2.6%
Malaysia/Singapore	Export	1.5%	2.1%	1.3%	- 13.3%
	Import	2.4%	1.4%	0.8%	- 66.7%
Total (£ million)	Exports	2,566.4	3,954.6	7,337.6	–
	Imports	3,892.1	4,546.4	8,323.6	–

The trade shift from the Commonwealth to Western Europe and the US can be accounted for by the vast increase in Britain’s manufacturing production. In 1970 five-sixths of British exports consisted of manufactured goods, especially expensive engineering products, which found a market in the rich, developed countries of Western Europe and in the US, and

<sup>120</sup> EFTA – trade grouping established in 1959 by Western European countries not members of the EEC. It included Austria, Denmark, Britain, Norway, Portugal, Sweden, and Switzerland.

<sup>121</sup> Central Statistic Office, *Annual Abstract of Statistics* (London: HMSO, 1960) and Central Statistic Office, *Annual Abstract of Statistics* (London: HMSO, 1970).

thus there was a boom in trade between the developed countries. Furthermore, Britain also expanded its domestic agricultural production, with the share of imported foodstuff of total imports falling from 39% in 1954 to 23% in 1970 – most of which came from primary producing countries in the Commonwealth.<sup>122</sup> The transformation in trading patterns influenced the relative economic, and sometimes political importance of those areas.

Short term factors, such as the Vietnam War and the Malaysian/Indonesia Confrontation, in the context of the Cold War and Anglo-American relations, affected the level of UK military and political commitment to South East Asia in the 1960s.<sup>123</sup> Furthermore, the import of vital goods also influenced policy. For example, British imports from the Middle East were less than 10% of the total in terms of monetary value, but the form of the commodity, oil, increased the importance of that region. Furthermore, the import of certain goods from the Commonwealth, such as Caribbean sugar, continued to be vital trading links. Many members of the Commonwealth were developing countries, dependent on preferential trading arrangements. This meant that Commonwealth trade arrangements played a central role in the EC enlargement negotiations, despite its declining position in Britain's overall trading patterns. Nevertheless, the changes in Britain's post-war economy provide a long term underlying explanation of Britain's diplomatic focus on the EC and the Anglo-American relationship.

#### Heath's Concept of European Integration

Edward Heath's concept of European policy when he became Prime Minister in June 1970 comprised the aims of preserving a world role and influence, promoting free trade and economic growth, and providing security through an effective defence system. Therefore, it was a combination of political, economic, and defence factors.

But Heath's initial objective for European cooperation was on a more idealistic basis - to end rivalry and warfare and create prosperity and security in Europe following the Second World War. Heath's maiden speech in the House of Commons on 26 June 1950 had called for Britain to participate in European cooperation in order to "secure peace and prosperity in Europe".<sup>124</sup> But Britain did not, and the Schuman Plan led to the building of a framework of European cooperation without British participation, beginning with the establishment of the European Coal and Steel Community in 1952. When the Harold Macmillan Government decided to apply for membership of the EEC in 1961, Heath was appointed Lord Privy Seal and handed responsibility for negotiating Britain's entry.<sup>125</sup> Heath wrote some years later that as

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<sup>122</sup> Central Office of Information, Britain 1972: An Official Handbook (London: HMSO, 1972), 359-361.

<sup>123</sup> The Malaysia Confrontation was a conflict between Indonesia and Malaysia, where the UK had troops stationed at their base in Singapore. It concluded under the Bangkok Agreement, 11 August 1966.

<sup>124</sup> 476 H.C. Deb. 1964, 26 June 1950.

<sup>125</sup> Heath, The Course, 201-240.

Chief Negotiator from 1961-1963 he saw the EEC as an opportunity for Britain to discover a new role: “It signalled the end of a glorious era, that of the British Empire, and the beginning of a whole new chapter of British history.”<sup>126</sup> Thus, Heath’s concept of European unity in his early political career included support for the European ideal of political unity, and both economic and defence cooperation.

Heath also supported the view that membership of the EC would help Britain retain world influence. Heath’s first comprehensive policy document in October 1965, Putting Britain Right Ahead, addressed the purpose of Britain’s European role: “...in building up our strength to exert political influence in the world, we can best achieve our objectives in a wider grouping.”<sup>127</sup> Heath believed that the European countries could pool their strength, and through the EC institutions extend their political influence and power in the international system. But on the issue of sovereignty, Heath believed that there needed to be a gradual process of integration. By European governments working together, understanding old habits, and developing new operational systems, in the long term they would be willing to resign power to the European centre. Heath felt that once confidence and trust grew, cooperation should be extended into the political and defence fields.<sup>128</sup> On this basis Britain in the EC could compete with Russia, the US, and the growing Japanese economy.

Economics also took central stage in the Heath government’s argument to voters and the parliament that Britain should join the EC. He believed that membership would re-vitalise British industry, through economies of scale, competition, and new business practices. Technological collaboration would help with this, as he argued in Putting Britain Right Ahead: “in aircraft, electronics, space development and tele-communications there is immense scope for much closer European cooperation”, which would improve the British economy.<sup>129</sup> The 1970 Conservative Party manifesto, A Better Tomorrow, also reiterated the point that joining the EC could help reverse Britain’s economic decline, telling voters that “economic growth and a higher standard of living would result from having a larger market”.<sup>130</sup> These perceived benefits, in combination with the long term changes in UK trading patterns and political and defence priorities, led to Britain re-applying for EC membership.<sup>131</sup>

The need for a European recovery after the Second World War influenced Heath’s early idealistic vision of Europe. But as chief negotiator of Britain’s first application to join the EEC, Heath gained an insight into the workings of the new European institutions, in which he perceived that countries pursued their national interests, but were also willing to give up power to the community for the benefit of its members. Heath sought to increase Britain’s influence and

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<sup>126</sup> Ibid., 203.

<sup>127</sup> Conservative Central Office, Putting Britain right ahead, 20.

<sup>128</sup> Edward Heath, ‘Realism in British’, 42.

<sup>129</sup> Conservative Central Office, Putting Britain right ahead, 21.

<sup>130</sup> Conservative Central Office, A Better Tomorrow.

<sup>131</sup> Edward Heath, Old World, New Horizons: Britain, The Common Market and the Atlantic Alliance (London: Oxford University Press, 1970), 12. Heath, The Course, 359.

role in the world through building a European voice in the political, economic, and defence fields. This in turn would have an impact on foreign policy strategy under Heath.

### Heath Government's Policy on the EC and the US

Following Heath's election victory in June 1970, he implemented a review of overall foreign policy strategy, a process which revealed the close attention paid to balancing British relations with Europe and the US. Heath wrote to Carrington and Douglas-Home on 15 July 1970 on the importance of making "decisions in the field of defence and overseas policy" within the "context of a general and coherent strategy."<sup>132</sup>

Subsequently, Douglas-Home, in consultation with other Whitehall departments and cabinet ministers, put together the government's first statement of foreign policy on 21 July 1970. The statement 'Priorities in Our Foreign Policy' analysed British overseas policy, national security and national prosperity on the basis of current economic transactions, political and security importance, and potential economic growth between regions.<sup>133</sup>

This revealed the perceptions of Whitehall departments as to where Britain's interests lay and the general strategy used in conducting foreign affairs. It concluded that Western Europe and Anglo-American relations were the pillars of UK policy. For the volume of economic transactions and political and security interests, Western Europe topped all regions, followed by North America and the Caribbean. On estimated contributions to UK GDP for 1975, North America and the Caribbean received the highest marking, followed by the European regions. The regions of Africa, Asia, and Middle East were considered the least important overall. The government's first foreign policy statement declared that:

"Our basic objectives of security and prosperity will best be served by policies which centre on our relations with Europe and North America...for it is on our success in promoting our interests in Europe that our ability to play a wider role will depend."<sup>134</sup>

The key objectives of the Heath government's early European policy were, first, to maintain the strength of NATO for the defence of Europe, the government's top defence priority, and a key part of the Atlantic Alliance and Anglo-American relations. The second objective, to obtain membership of the EC, would be the key political focus.<sup>135</sup> Although the government had not yet taken into account budget restraints, nor set out detailed policy initiatives, the memorandum represented the government's broad views, and a guide to

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<sup>132</sup> Minute; Heath to Carrington and Douglas-Home; 15 July 1970; PREM 15/1365; NAUK.

<sup>133</sup> Memo; "Priorities in Our Foreign Policy: A Memorandum by the Foreign and Commonwealth Secretary"; 21 July 1970; CAB 148/101, Defence and Overseas Policy Committee (DOP) (70) 13; NAUK.

<sup>134</sup> Ibid.

<sup>135</sup> Ibid.

implementing policy and conducting relations with other states.<sup>136</sup> The Heath government had held the notion that Britain's key areas of interests were Europe and North America. But they thought Europe, central to Britain promoting their political and economic interests, should therefore have primacy.

The memorandum had also emphasised the importance of improving relations with France. President Charles de Gaulle had vetoed Britain's first two applications to join the EC because of economic differences and the view that Britain would be America's 'Trojan Horse' in the community of Europe. On the first de Gaulle's veto, 14 January 1963, he had warned that UK membership of the EC might create "a colossal Atlantic community under American dependence and direction".<sup>137</sup> Hence, Heath and the FCO believed that they needed to convince the French government that Britain genuinely supported European integration.

Heath commissioned a paper from the Planning Staff of the FCO, in consultation with the British Embassy in Paris, on post-Gaullist France, which they completed in September 1970. Heath supported the papers' recommendations, saying that it "should be read and absorbed and acted upon by all Whitehall, including ministers."<sup>138</sup> In the short term the paper advised that steps needed to be taken to remove French suspicions that Britain sought membership of the EC to tip the balance of power away from France and to promote Atlantic interests in the community. This could best be done through personal visits, such as a meeting between Heath and Pompidou.<sup>139</sup> Therefore, in the immediate term, Heath sought to build a strategy for conducting relations with both the US and the EC, in which France, one of the major players, needed to be taken into account. The FCO believed that Germany and the other four members of the EC largely supported UK entry, although the UK's application would create certain issues for each country – a topic outside of this thesis which requires more research on the Heath application.<sup>140</sup>

It is also important to consider the role of the FCO, a leading player in Anglo-American and EC relations under Heath. The FCO supported Britain's EC application, mainly as a means to increase Britain's political and economic influence in the world, similar to Heath's concept of European policy. The FCO expected that during the EC negotiations and shortly after joining the Community, relations with the US would become strained. However, in the long term, the FCO perceived that Britain as a member of the EC would strengthen the Anglo-American relationship.

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<sup>136</sup> Memo; Greenhill to officials; 29 July 1970; FCO, 49/303; NAUK.

<sup>137</sup> David Gowland & Arthur Turner, eds., Britain and European Integration 1945-1998: A Documentary History (London: Routledge, 2000), Document 5.15, 106-107.

<sup>138</sup> Minute; Heath to Greenhill; 6 September 1970; PREM 15/1560; NAUK.

<sup>139</sup> Report; "Anglo-French Relations"; September 1970; PREM 15/1560; NAUK.

<sup>140</sup> For the different views of the EC six during the Macmillan application: Ludlow, Dealing with Britain.

Sir Denis Greenhill, the FCO Permanent Under-Secretary of State, mapped out in a letter to the incoming Secretary of State Douglas-Home on 23 June 1970 the underlying influence on the FCO perspective. It argued that Europe:

lies at the centre of our policies....Unless we can find a new power base in Europe our influence in Washington is bound to decline....We shall wish to keep our special links with the U.S., e.g. in the intelligence and nuclear fields...but it will be necessary on occasion to demonstrate that for us Europe has priority.<sup>141</sup>

Greenhill also stressed the need to “concentrate our defence effort in Europe in support of the Atlantic Alliance”.<sup>142</sup> The outlook of the FCO, which had developed over a long period, argued that EC membership would help maintain Britain’s global role and a strong Anglo-American partnership in the long term. The switch in focus to European politics represented a new method for Britain to pursue the aim of world influence.

The Planning Staff of the FCO, headed by Percy Cradock, initiated an internal review of current foreign policy in May 1970, in preparation for the incoming Heath government, which also revealed the state of play at the FCO.<sup>143</sup> The position papers stated that the application to join the EC remained “the cornerstone of British European policy.” The FCO concluded that Britain’s “foreign and defence policies have been generally re-orientated in a European direction.”<sup>144</sup> The FCO also argued that Britain should participate in progress towards the “political construction of Europe”, which would “remove long-standing suspicions that British Governments have never understood the European idea.”<sup>145</sup> This paper indicated that for the FCO, entry into Europe trumped other foreign affairs issues in the short term. However, the FCO planning papers also indicated the vital importance of Anglo-American relations to overall foreign policy strategy.<sup>146</sup> Therefore, the FCO wanted to balance relations between the EC and the US, although gaining membership of the EC took priority in the short term.

The FCO also warned the Heath government in its first few weeks in office of the importance that Nixon attached to Vietnam policy.<sup>147</sup> The Anglo-American relationship had been particularly strained in the 1960s because of Vietnam. Wilson had refused Johnson’s requests to send British troops to Vietnam. Moreover, the British government dissociated itself

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<sup>141</sup> Letter; Greenhill to Douglas-Home; 23 June 1970; FCO 49/305; NAUK. Greenhill held the position from February 1969 to November 1973.

<sup>142</sup> Ibid.

<sup>143</sup> Letter; P. Cradock to Greenhill; 14 May 1970; FCO 49/302; NAUK.

<sup>144</sup> Memo; Position Paper No.1: ‘Negotiations for Membership of the European Communities’; June 1970; FCO 39/305; NAUK.

<sup>145</sup> Memo; Position Paper No. 2: ‘Political Unification in Europe’; June 1970; FCO 39/305; NAUK.

<sup>146</sup> Memo; Position Paper No.11: ‘Anglo-American Relations: Possible Points of Difference’; June 1970; FCO 39/305; NAUK.

<sup>147</sup> Memo; ‘Issues of Foreign Policy: A Memorandum by officials in the Foreign and Commonwealth Office’; 29 June 1970; CAB 148/101 DOP (70) 3; NAUK.

from the US bombing of Hanoi and Haiphong in June 1966.<sup>148</sup> Wilson's actions were for domestic consumption. He faced pressure from his parliamentary party and public opinion. In 1966, 51% of people polled in the UK disagreed with US armed action in Vietnam, while 41% wanted the US to pull out. By December 1969, 43% of those polled thought that it would be wrong for the British government to support US policy on Vietnam.<sup>149</sup> The UK government was also constrained by sterling economic crises in the late 1960s and major troop commitments 'East of Suez', particularly in Singapore and Aden, which reduced the UK's ability to send troops to Vietnam. While the U.S. did not retaliate in other fields, this issue strained the Anglo-American relationship.<sup>150</sup>

The troop issue in Anglo-American relations had disappeared under Nixon's policy of 'Vietnamisation'. Nevertheless, the FCO recognised that support for America's overall objective, of establishing an independent, non-communist South Vietnam, would be strongly welcomed in the US, and the Heath government accepted this view. Unlike Wilson, Heath did not have a problem with the Conservative parliamentary party on the issue of Vietnam, although public opinion still opposed the US intervention in Vietnam in the early 1970s.

The new Heath government took on board the views of the FCO, in seeking an in-depth analysis of foreign policy issues.<sup>151</sup> But ministers believed that the conflict between the EC negotiations and US-UK relations might be greater than perceived by the FCO. At the first meeting of the Defence and Overseas Policy Committee (DOP) on 1 July 1970 the FCO circulated its position, which stressed that the top priority in British foreign affairs were Europe and the Anglo-American relationship.<sup>152</sup> It concluded that "there is no real conflict here and no reason why our European policies should lose us goodwill."<sup>153</sup> However, Sir Burke Trend (Cabinet Secretary) told Heath on 30 June 1970 that he thought this sentence was "over-optimistic", and that "we must continue to walk a tight-rope as long as we can.... We may hope to defer this dilemma for as long as possible; but we can hardly evade it indefinitely."<sup>154</sup> The US had long supported the political integration of Europe and British membership of EC. But there were Whitehall officials who thought that as Britain began the actual EC membership negotiations, there could be a conflict between Britain and the US in the economic field.

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<sup>148</sup> Wilson, The Labour Government, 247-248 & 48 & 80.

<sup>149</sup> Anthony King, ed., British Political Opinion 1937-2000: The Gallup Polls (London: Politico's Publishing: 2001), 328-329.

<sup>150</sup> John Dumbrell, "The Johnson Administration and the British Labour Government: Vietnam, the Pound and East of Suez", Journal of American Studies, Vol. 30, No. 2, 1996, 211-231. Saki Dockrill, Britain's Retreat From East of Suez: The Choice between Europe and the World? (London: Palgrave, 2002). Alexander Banks, "Britain and the Cambodia Crisis of Spring 1970", Cold War History, Vol. 5, No. 1, 2005, 87-105.

<sup>151</sup> Memo; J. Graham (Douglas-Home's PPS) to Douglas-Home; 26 June 1970; FCO 49/303; NAUK.

<sup>152</sup> Memo; 'Issues of Foreign Policy: A Memorandum by officials in the Foreign and Commonwealth Office'; 29 June 1970; CAB 148/101 DOP (70) 3; NAUK.

<sup>153</sup> Ibid.

<sup>154</sup> Memo; Trend to Heath; 30 June 1970; PREM 15/64; NAUK.

Ministers agreed with Trend's assessment, and noted on 1 July 1970 that "the conflict of interest in those two fields might therefore be sharper."<sup>155</sup>

### Heath's Cold War Policy

The maintenance of a strong and credible NATO, for the defence of Europe, topped the Heath government's Cold War agenda. This formed a key part of the Atlantic Alliance and Anglo-American relations.<sup>156</sup> The FCO advised the government on 29 June 1970 that the US commitment to Europe's defence via NATO "remains critical to our security". While pursuing Western European integration, the UK would need to maintain its "full contribution, political and militarily, to NATO" and seek "closer military cooperation".<sup>157</sup> The government supported this position and argued that the importance of Western European unity lay in the need to "ensure that the strategic balance in Europe does not tip in favour of the Soviet Union".<sup>158</sup> Therefore the government viewed European integration and Anglo-American relations as important in the larger context of the Cold War.

The FCO observed the emerging issue of NATO burden sharing and the Congressional pressure on Nixon to withdraw US troops from Europe. They thought that this may be an opportunity for "increased European defence cooperation".<sup>159</sup> Douglas-Home remarked that any move on burden sharing needed to ensure that the "credibility of the Alliance is not...impaired".<sup>160</sup> The UK government commenced an enquiry, conducted by the Ministry of Defence. Carrington reported to the DOP on 25 September 1970. He perceived that the US would progressively disengage from Europe in the long term, and so in order to "maintain the solidarity of NATO" the UK should embark on an "effective" burden sharing initiative.<sup>161</sup> But the UK had a continuing balance of payments problem and other defence commitments as part of NATO, such as the nuclear deterrent and maintaining bases in Malta and Cyprus. Moreover, the UK had a defence presence in the Indian Ocean, East of Suez, and in the Caribbean. For these economic reasons, Heath decided not to make a firm political commitment on burden sharing.<sup>162</sup>

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<sup>155</sup> Minutes; 1 July 1970; CAB 148/101 DOP (70) 1<sup>st</sup> Meeting; NAUK.

<sup>156</sup> Ibid.

<sup>157</sup> Memo; "Issues of Foreign Policy: A Memorandum by officials in the Foreign and Commonwealth Office"; 29 June 1970; CAB 148/101 DOP (70) 3; NAUK.

<sup>158</sup> Memo; "Priorities in Our Foreign Policy: A Memorandum by the Foreign and Commonwealth Secretary"; 21 July 1970; CAB 148/101, DOP (70) 13; NAUK.

<sup>159</sup> Memo; "Issues of Foreign Policy: A Memorandum by officials in the Foreign and Commonwealth Office"; 29 June 1970; CAB 148/101 DOP (70) 3; NAUK.

<sup>160</sup> Memo; "Priorities in Our Foreign Policy: A Memorandum by the Foreign and Commonwealth Secretary"; 21 July 1970; CAB 148/101, DOP (70) 13; NAUK.

<sup>161</sup> Memo; "Burden Sharing: Note by the Secretary of Defence"; 25 September 1970; CAB 148/101 DOP (70) 21; NAUK.

<sup>162</sup> Minutes; 29 September 1970; CAB 148/101 DOP (70) 6<sup>st</sup> Meeting; NAUK.

Through 1970 to 1972 the Heath government expressed deep concern about aspects of détente. The UK questioned the Soviet Union's intentions in improving relations with West Germany and the US, and in wanting to participate in a European security conference. Douglas-Home wanted to improve East-West relations as part of the government's general foreign policy priorities, but warned that "we should...be under no illusion of the intransigence of the Soviet position in Eastern Europe and the persistence of Soviet long-term aims". Furthermore, Douglas-Home noted that the "Soviet Union is consolidating its position in Eastern Europe and maintaining very large conventional forces" and that détente may both improve their strategic position and legitimise Soviet control of Eastern Europe.<sup>163</sup>

On the CSCE, the FCO advised Heath in December 1970 that "we don't believe that there has been sufficient progress in East-West exchanges to justify going to a European security conference" and that the time "is not right".<sup>164</sup> By December 1971, the FCO's position was unchanged, telling Heath "we regard it as undesirable, but politically inevitable".<sup>165</sup> Thus, the UK government approached the movement towards a relaxation of East-West tension, 1970-1972, with a degree of scepticism over Soviet intentions and the long-term implications for Europe.

On Ostpolitik, the new Heath government officially supported West German policy, although they were sceptical of the process. The UK supported Ostpolitik because firstly, it coincided with the UK's general aim of reducing tension in Europe and improving East-West relations, and secondly, the UK wanted to develop close relations with West Germany in order to increase their chances of gaining entry into the EC.<sup>166</sup> In Douglas-Home's first meeting with the Foreign Minister of the FRG, Walter Scheel, in July 1970 he told him that the UK "supported his policy and profoundly hoped it would succeed". The UK was concerned that any agreement with Russia should "not have an adverse effect on Allied rights in Berlin". Scheel declared that the "FRG had to maintain Allied rights" for their security and defence. He also assured Douglas-Home that the FRG's Ostpolitik policies were "firmly based on her position in Western Europe".<sup>167</sup> Yet privately the FCO were sceptical about the negotiations and results of Ostpolitik, advising Heath in December 1970 that there was no evidence that the other side would make genuine concessions or fulfil commitments to match those made by West

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<sup>163</sup> Memo; "Priorities in Our Foreign Policy: A Memorandum by the Foreign and Commonwealth Secretary"; 21 July 1970; CAB 148/101, DOP (70) 13; NAUK.

<sup>164</sup> Memo; "East-West Relations: Brief by the Foreign and Commonwealth Office"; 8 December 1970; CAB 133/398; NAUK.

<sup>165</sup> Memo; "East-West Relations: Brief by the Foreign and Commonwealth Office"; 7 December 1971; CAB 133/417; NAUK.

<sup>166</sup> Telegram; Roger Jackling (British Ambassador to West Germany) to Douglas-Home; 29 June 1970; FCO 33/1547; NAUK.

<sup>167</sup> Minutes; "Record of Conversation between the Foreign and Commonwealth Secretary and the Foreign Minister of the Federal Republic of Germany, held in London"; 16-17 July 1970; FCO 41/763; NAUK.

Germany.<sup>168</sup> Nevertheless, the UK backed Ostpolitik on the basis of the FRG's firm place in the Western Alliance and the need to gain entry into the EC.

Meanwhile, US-Soviet developments on SALT concerned the British government because of the special Anglo-American nuclear relationship. Prior to the arms negotiations, the US had assured the UK that they would continue to supply and support the Polaris nuclear system. But upgrading Polaris, already under Anglo-American discussion, made the results of SALT a key issue for the Heath administration and central to their Cold War strategy (see chapter 6).<sup>169</sup>

Linked to the US and European détente movements were nuclear arms parity and the Sino-Soviet split. The implications of nuclear arms parity between the superpowers filtered through to the UK government. Initially the FCO expressed concern that the Soviet achievement of nuclear parity had produced "a noticeable tendency for the United States and the Soviet Union to treat more bilaterally with each other" which could create "a tendency to down-grade us". Nevertheless, the FCO also saw it as an opportunity to increase Anglo-American cooperation in defence and security affairs within the Atlantic Alliance.<sup>170</sup> Nixon explained to Heath at their first meeting at Chequers in October 1970 that "we had reached a position of nuclear 'stand-off' in which neither side could afford...a nuclear exchange", and therefore both sides would be seeking détente.<sup>171</sup> After the meeting Heath observed that Nixon "is clearly prepared to deal with his opposite numbers in the Kremlin" and that it was "symptomatic of the new and more realistic climate which is gradually emerging in international affairs".<sup>172</sup> Therefore the UK recognised that rough arms parity would have an important influence in Cold War relations.

In Whitehall initial investigations into the Sino-Soviet split underestimated the role it would play in wider Cold War relations and the government adopted a neutral position on the dispute. In March 1970, an FCO study into the split, approved by the Defence and Overseas Policy Official Committee, believed that on balance it benefited the West by dividing the world communist movement, and that it was "better to have the Soviet Union and China at odds than actively linked against us". However, the FCO strongly recommended against interference, stating that the West should "avoid involvement and confine itself to the role of spectator". Moreover, it opposed any triangular tactics, saying that "policy towards the Soviet Union and China should continue to be decided on grounds unconnected with the dispute". Thus

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<sup>168</sup> Memo; "East-West Relations: Brief by the Foreign and Commonwealth Office"; 8 December 1970; CAB 133/398; NAUK.

<sup>169</sup> Memo; "Strategic Arms Limitation Talks: Brief by Foreign and Commonwealth Office"; 30 November 1970; CAB 133/398; NAUK.

<sup>170</sup> Memo; "Anglo/United States Relations: Brief by the FCO"; 23 September 1970; FCO 7/1813; NAUK.

<sup>171</sup> Minutes; "Record of Meeting held at Chequers"; 3 October 1970, 11.40 a.m.; PREM 15/714; NAUK. Chequers was the Prime Minister's official country residence in Buckinghamshire, England.

<sup>172</sup> Letter; Heath to Queen Elizabeth II; 13 October 1970; PREM 15/714; NAUK.

Whitehall's approach to the Sino-Soviet split differed from the Nixon administration's strategy.<sup>173</sup>

### Conclusion

Much has been discussed in Nixon historiography on his relations with Russia, China, and Vietnam. European integration and Anglo-American relations have been considered less significant. It has been argued that the Nixon administration was sceptical of increased European integration and enlargement. Indeed, the USDA, the Treasury, and the Department of Commerce wanted to revise US European policy to take into account the economic competition between the US and the EC. However, Nixon and the State Department continued to support the move towards greater political and economic European unity, which would support the Western alliance and benefit their overall Cold War strategy.

The two key priorities in British foreign policy under the Heath government were gaining membership of the EC and maintaining strong Anglo-American relations. Both were important to Heath, thus contradicting the prevailing position in Heath and Anglo-American historiography. The FCO and the government believed that good relations with the US needed to be retained in the nuclear and security fields, as well as in the broader defence of Western Europe through NATO and the Atlantic Alliance. However, in the short term the EC negotiations had priority. The long term economic changes in the UK economy, the push for greater political European integration, and the perceived political, defence, and economic benefits of European membership were the main motivations behind the Heath government's policy.

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<sup>173</sup> Memo; "The Sino-Soviet Split: Memorandum by the Foreign and Commonwealth Office"; 16 March 1970; CAB 163/141, DOP (70) 7; NAUK.

*Chapter 3:*

**Anglo-American Political Relations and the EC Enlargement  
(1969-1974)**

This chapter, in exploring Anglo-American political relations during the EC enlargement, shows the fine balancing and subtle adjustment made in Anglo-American diplomatic circles. While previous histories have offered general overviews of the key political issues, this chapter contributes to historical knowledge by offering a nuanced look at early Heath-Nixon consultations and the attempt to protect Anglo-American cooperation while not jeopardising the EC enlargement negotiations.

Several political episodes also arose during this period, which are analysed: the opening of China, the Year of Europe, and the Yom Kippur War. All three cases showed Anglo-American differences emerge over the substance of policy. They also displayed a misunderstanding and lack of communication over each other's motives and interests, which created unrealistic expectations and therefore leading to Anglo-American political tensions. On China and the Middle East, it can be seen that long-standing Anglo-American policy differences were the key factors in causing problems, not Britain's negotiations and entry into the EC. On the Year of Europe, the UK made a determined effort to react positively to the US administration's proposals, while at the same time participating in the formation of EC foreign policy as a full member.

Some historians have referred to this period as the nadir of the Anglo-American relationship.<sup>1</sup> Indeed, there were many tensions. Moreover, some have presented these events in a single narrative of poor relations between Heath and Nixon between 1970 and 1974, in which Heath fundamentally turned towards Europe and rejected the 'special' Anglo-American relationship and the Nixon administration started to oppose the European integration project.<sup>2</sup> The enlargement posed major economic, political, and defence question which naturally had an impact on all the countries concerned and other external players, and so a subtle evolution did take place. But it did not suddenly eradicate old alliances or fundamentally alter them. These episodes showed the continuation of strong Anglo-American political relations and the desire to seek a balance between various interests. This chapter firstly looks at the UK's EC negotiations stage (1970-1972), followed by the UK's membership stage (1973-1974).

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<sup>1</sup> Spelling, "Edward Heath", 650 is an example.

<sup>2</sup> Bartlett, 'The Special Relationship', 127-134. Ovendale, *Anglo-American*, 140-141. Hathaway, *Great Britain and the United States*, 99-103.

## UK's EC Negotiations Stage (1970-1972)

### Anglo-American Relations and the EC Enlargement, June 1970 to May 1971

In the first dealings between the Nixon and Heath governments both sides displayed a desire to build strong ties, although the potential problems over the EC membership negotiations were immediately apparent. The Nixon administration initially expressed pleasure with the result of the British general election because they felt it would be easier to work with the Conservative government than with the previous one.<sup>3</sup> Nixon wrote to Heath offering a positive opinion on the alliance, stating that the “essential ingredient of the close Anglo-American relationship has been the ability of the governments in our two countries...to share a common global concern and perspective”. He then called for “close communication between London and Washington”.<sup>4</sup> It showed Nixon’s eagerness to establish a close personal relationship with Heath.

But members of the US administration privately warned John Freeman (the British Ambassador in Washington) that Britain should expect that “the Administration will take vigorous action to protect US interests” during the EC enlargement negotiations. Freeman reported this back to the FCO and 10 Downing Street on 20 June 1970, just ten days before Britain’s EC negotiations opened and two days after the general election, which raised alarm bells in London. The main source of disillusionment came from the US Secretaries of Commerce and Agriculture, and the US Treasury Department, who expressed opposition to the CAP, EC trading policies, and EC technological collaboration, which would be barriers to US exporters. Freeman reported that this could result in an American intervention in the EC enlargement negotiations, in the shape of a formal representation to the EC, the UK, or through the GATT, in an attempt to have US commercial interests taken into account.<sup>5</sup>

Freeman advised Heath that despite this warning and review into EC policy, Nixon supported the EC enlargement on “broad political and strategic rather than economic grounds” and that this basic support would not be reversed. Freeman emphasised the need to “reinforce the President’s commitment to this basic support,” which could be done by focussing on the political aspects of the enlargement within the context of the Atlantic Alliance, recognising the legitimate concerns of the US, and supporting a new round of multilateral trade negotiations.<sup>6</sup> Heath wrote on the telegram: “important and should be kept in mind”.<sup>7</sup> This displayed the early clash between Anglo-American relations and the EC enlargement.

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<sup>3</sup> Telegram; John Graham (Principal Private Secretary to Douglas-Home) to Peter Moon (Private Secretary, Foreign Affairs to PM); 13 July 1970; FCO 7/1828; NAUK.

<sup>4</sup> Letter; Nixon to Heath; 7 July 1970; PREM 15/211; NAUK.

<sup>5</sup> Telegram; Freeman to FCO; “US Attitude Towards the EEC”; 20 June 1970; FCO 26/551; NAUK.

<sup>6</sup> Ibid.

<sup>7</sup> Minute; Moon to Graham; 23 June 1970; FCO 26/551; NAUK.

Heath and the UK government faced a dilemma. As discussed in chapter 2 on foreign policy priorities, British policy makers knew that the US had expressed concern about the economic policies of the EC, and so the government needed to strengthen the administration's political support for the enlargement and integration, and prevent any intervention in the negotiations. At the same time, Heath and officials, through their experiences during the first and second applications, believed that a key to the successful outcome of the negotiations depended on improving relations with France. In the UK government's eyes and in the view of the US administration as well, France's main reservation towards British membership of the EC was the 'special' Anglo-American relationship and the threat that Britain might potentially be an Atlantic 'Trojan horse'. Heath needed to find a balance between relations between the US and France.

An initial meeting between Heath and Nixon had been delayed because of UK concerns over the EC negotiations, which showed tension in this field. Nixon told Kissinger that he believed Heath would be "highly complimented to see us" and so in July 1970 they pushed for an early bilateral meeting to be held in August at San Clemente.<sup>8</sup> Douglas-Home thought that such an early visit might "be open to misunderstanding in Europe".<sup>9</sup> Heath accepted the invitation in principle.<sup>10</sup> But more concerns were raised in Heath's private office and the FCO, leading to a delay.

Kissinger warned Freeman that if a meeting is not arranged soon then "something could be lost in personal communication between the men". Moreover, Kissinger claimed that Nixon would "be very disappointed and however unreasonably might feel a little rebuffed".<sup>11</sup> But internally, the US recognised the UK's dilemma. The NSC noted that an early Heath-Nixon meeting could "rouse again the worries about the special relationship and hamper the Common Market negotiations".<sup>12</sup> Despite the Kissinger pressure, the FCO strongly advised against an early meeting, in case the EC countries would think that the UK was seeking "prior consultation...with the Americans privately behind their back" before the enlargement negotiations.<sup>13</sup> Thus, the UK turned down the meeting, on the grounds that "a number of major decisions" needed to be made by the new Conservative government.<sup>14</sup> This immediately displayed the balancing act of preserving close Anglo-American relations while the UK negotiated entry into the EC during the Heath-Nixon period.

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<sup>8</sup> Telcon; Kissinger to Nixon; 21 July 1970; Box 6, File 2; Kissinger Telcons: Chronological File; NPM, NPL. San Clemente was Nixon's holiday home in California, dubbed the "Western White House".

<sup>9</sup> Minutes; Graham to Moon; 3 July 1970; PREM 15/161; NAUK.

<sup>10</sup> Telegram; Douglas-Home to Freeman; 6 July 1970; PREM 15/161; NAUK.

<sup>11</sup> Telegram; Freeman to Douglas-Home; 10 August 1970; PREM 15/161; NAUK.

<sup>12</sup> Memo; Helmut Sonnenfeldt (Senior NSC Staff) to Kissinger; 13 August 1970; Box 764; NSC Presidential Correspondence 1969-1974; NPM; NPL.

<sup>13</sup> Memo; FCO to Moon; 11 August 1970; PREM 15/161; NAUK.

<sup>14</sup> Letter; Heath to Nixon; 12 August 1970; PREM 15/211; NAUK.

Regardless of all this, in early Anglo-American consultations the US actually took a ‘hands-off’ position on the EC enlargement. Rogers and State Department officials visited London on 10-12 July 1970 for the first face-to-face contact. Martin Hillenbrand (Assistant Secretary of State for European Affairs) told Anthony Barber (Chancellor of the Duchy of Lancaster) that, despite Freeman’s telegram, the administration’s review of EC policy had confirmed US support for UK membership, and that Nixon had overruled the economic departments. Furthermore, he told Barber that the administration would not “intervene actively” because “an attempt to play a more active part would defeat its own ends” as a result of potential “French reverse reactions”. Therefore, the US would “adopt a low-profile posture” and that the “days of an activist US policy in Europe were over”.<sup>15</sup> In Roger’s discussion with Douglas-Home, he also emphasised that the “Americans wanted to be careful what they said in public, and indeed would say nothing”, although they wanted close communication of a “semi-formal nature”.<sup>16</sup>

The UK sought to promote the political and liberal economic benefits of UK membership in the EC. Douglas-Home told Rogers that UK membership would be an advantage for the US, “as our influence would work to make the community outward looking”.<sup>17</sup> Barber assured Hillenbrand that the UK was pushing for “political cohesion” in the EC, important for the Western alliance and that the UK’s approach to trading problems was “a liberal one”.<sup>18</sup> Therefore, early Anglo-American relations displayed understanding of the complications involved in the UK membership negotiations.

Heath and Nixon finally held their first meeting at Chequers on 3 October 1970, which displayed strong cooperation in Cold War diplomacy. Meeting for only two 45 minute sessions, the primary purpose of the summit for both sides focussed on building a good working partnership. The FCO briefed Heath on the importance of establishing “a close personal relationship” and that despite the application to join the EC, “we still stand closer to the United States than other countries”.<sup>19</sup> Meanwhile Kissinger briefed Nixon on the need to “establish direct communications with Heath”.<sup>20</sup> Nixon opened the discussions, calling for the “closest personal communication. He talked of a “special relationship” which should “not be limited to moments of crisis or to the formal exchanges between Heads of Government...It should be a matter of free exchange and discussion of ideas, suggestions, opinions”, while Heath also said

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<sup>15</sup> Minutes; “Record of Meeting between the Chancellor of the Duchy of Lancaster and the Assistant Secretary for European Affairs in the State Department, Mr. Martin Hillenbrand, at the Foreign and Commonwealth Office”; 10 July 1970; CAB 164/970; NAUK.

<sup>16</sup> Minutes; “Record of Meeting between the Foreign and Commonwealth Secretary and the United States Secretary of State held at Dorney Wood”; 11 July 1970; FCO 7/1828; NAUK.

<sup>17</sup> *Ibid.*

<sup>18</sup> Minutes; “Record of Meeting between the Chancellor of the Duchy of Lancaster and the Assistant Secretary for European Affairs in the State Department, Mr. Martin Hillenbrand, at the Foreign and Commonwealth Office”; 10 July 1970; CAB 164/970; NAUK.

<sup>19</sup> Memo; “Steering Brief: Brief by the FCO”; 1 October 1970; FCO 7/1813; NAUK.

<sup>20</sup> Memo; Kissinger to Nixon; “Your Visit to England, Saturday, October 3, 1970”; No Date (ND); Box 470; NSC President’s Trip Files, October 1970; NPM; NPL.

that he looked forward to “a close personal relationship”. But Heath and Nixon did not discuss the enlargement of the EC and potential economic conflict in that field.

Heath and Nixon did agree on the importance of ending the Vietnam War while maintaining US credibility. In April 1970 Nixon had invaded Cambodia, which drew mass criticism both domestically and internationally. But Heath praised his strategy for helping to make peace in South East Asia, while Nixon warned Heath that “if the United States failed in South East Asia, you could forget about Israel and that goes for Western Europe too”. Heath “entirely agreed” and that Nixon’s strategy was “important in relation to Europe, where the attitude of the Soviet government would undoubtedly harden”. Therefore, Heath backed US Vietnam policy, in order to protect the US defence commitment and credibility in the European field, while also maintaining close Anglo-American relations.<sup>21</sup>

On 16 November 1970, a directive, sent from London to British officials in Washington and New York, set out a publicity strategy for dealing with Anglo-American relations and the EC enlargement. It ordered its officials to “emphasise at every opportunity” to US politicians, journalists, and pressure groups “the importance we attach to the political aspects of enlargement” and that “the E.E.C. is outward looking”. But immediately afterwards the directive warned that “we must of course bear in mind the possible playback in Europe, avoid alarming those who still...see entry as an Atlantic ‘Trojan Horse’”. Throughout, the directive displayed the tension and conflict of interests between the EC membership negotiations and the Anglo-American relationship.<sup>22</sup>

In December 1970 Nixon and Heath met for several hours over two days in Washington and Camp David, in contrast to the short meeting at Chequers. The meeting displayed both the developing conflict in US-EC relations and close Anglo-American cooperation in Cold War diplomacy. On the foreign economic policy front, the White House and Congress were fighting over the introduction of trade legislation throughout 1969-1970. The Congress, through the Mills Bill, wanted major protectionist measures, covering all sectors, in order to protect the US economy from EC and Japanese traders, while Nixon primarily wanted to safeguard the textile industry, important to his election strategy. The UK considered this a threat to free trade and their economic interests. On the UK side, Heath wanted to introduce the EC agricultural system into the UK during the membership negotiations, as well as protecting traditional Commonwealth trading links, both of which the US viewed as an economic disadvantage. Therefore serious discussions took place between Heath and Nixon, which caused tensions in their economic relations (see chapter 4).

However, the overall importance of political and defence relations overrode the problems in the trade field as a result of the EC enlargement. Nixon confirmed his support for

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<sup>21</sup> Minutes; “Record of Meeting held at Chequers”; 3 October 1970, 11.40 a.m.; PREM 15/714; NAUK.

<sup>22</sup> Directive; J. Petrie (Head of EC Information Unit, FCO) to British Embassy, Washington D.C., and British Information Services, New York; 16 November 1970; FCO 26/551; NAUK.

the “creation of a strong political and economic entity in Europe” and that Britain’s failure to join the EC would cause “political damage to Europe”. Heath promoted the view that the UK would help to make the EC an outward looking, Atlantic community, by “exerting all our influence in favour of moderating the protectionist tendencies of the EEC”.<sup>23</sup> On East-West relations and Cold War diplomacy, the US and the UK both expressed scepticism regarding West Germany’s Ostpolitik and calls for a European security conference. Heath suggested to Nixon that West Germany were “going too far and too fast in their desire to normalise relations with the Soviet Government”. Nixon agreed, suggesting that the Soviet Union’s real objective was to cause a split in NATO and that “in their [US] eyes the Ostpolitik was a dangerous affair and they would do nothing to encourage it”.<sup>24</sup> Heath strongly believed, throughout his time in office, that the Soviets wanted to “drive a wedge between the allies”, particularly as the EC adapted to the enlargement.<sup>25</sup>

In terms of personal relations, Freeman observed after the summit an “unusual degree of personal cordiality”. In planning for the meeting, Heath wanted some “private and relaxed conversation” at Camp David to discuss Anglo-French nuclear cooperation (see chapter 6).<sup>26</sup> Nixon considered that “this Camp David thing is just a special treat for him”.<sup>27</sup> Freeman reported that the Camp David discussions were “informal and as intimate as possible”, rather than the “rigid restricted pattern” usually seen at Heads of Government meetings, which contributed towards building close personal relations over the coming months.<sup>28</sup>

At this summit Heath frequently referred to Anglo-American relations as a “natural” alliance, in contrast to Nixon, who repeatedly talked of a “special” relationship, both in private and in public, commented on by most historians of this period as an example of a transformed relationship or Heath’s ‘Europeanism’.<sup>29</sup> Just prior to the first discussions, Nixon and Heath exchanged remarks on the White House lawn. Nixon explained that the US and the UK “have a special relationship” because of a common language, common law, and similar government institutions. Nixon said that more importantly, the “dedication of our two nations...to great principles of justice, progress, freedom, opportunity and peace” created the “special relationship”. But Heath took a different approach. He said that it is a “natural” and “happy” relationship. He also emphasised that Britain’s application to join the EC did not conflict with

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<sup>23</sup> Minutes; “Record of a Meeting between the Prime Minister and President Nixon at the White House”; 17 December 1970, 10.30 a.m.; PREM 15/161; NAUK.

<sup>24</sup> Minutes; “Record of a Meeting between the Prime Minister and President Nixon at the White House”; 17 December 1970, 10.30 a.m.; PREM 15/161; NAUK.

<sup>25</sup> Letter; Heath to Nixon; 20 June 1971; FCO 82/205; NAUK.

<sup>26</sup> Telecon; Kissinger to Freeman; 28 October 1970; Box 7, File 4; Kissinger Telecons: Chronological Files; NPM; NPL.

<sup>27</sup> Telecon; Kissinger to Nixon; 12 December 1970; Box 8, File 1; Kissinger Telecons: Chronological File; NPM; NPL.

<sup>28</sup> Report; Freeman to Douglas-Home; “Diplomatic Report: The Visit of the Prime Minister and the Secretary of State to Washington, 16-18 December 1970”; 8 January 1971; FCO 82/58; NAUK.

<sup>29</sup> Dumbrell, A Special Relationship, 73. Bartlett, The Special Relationship, 130. Ovendale, Anglo-American Relations, 133. Baylis, Anglo-American Relations, 168.

Anglo-American relations and that British membership would benefit the US and the Atlantic Alliance.<sup>30</sup> That evening in the White House State Dining Room Heath expanded on the idea. While also referring to a common language, law and government institutions, he said that “I cannot feel other than at home here tonight on this festive occasion. It is perfectly natural”.<sup>31</sup> These words should not be analysed in isolation, but in the context of continual Anglo-American consultation under Heath and Nixon and their internal policy reviews discussed in chapter 2, which showed that the Anglo-American alliance still retained significance, despite a change in terminology or personality issues. Nevertheless, it also indicated the UK’s dilemma of balancing relations between the US and the EC.

On 25 February 1971, Nixon sent his second annual foreign policy report to Congress, which re-stated US support for the EC enlargement, although it noted the increased trade and monetary competition between the two blocs. The report also said that the US “does not view our allies as pieces in an American Grand Design”. Nixon went on to say that Heath has “declared his intention to see that British policies are determined by British interests”.<sup>32</sup> Heath wrote to Nixon on 25 March 1971 praising his “sense of realism and restrained responsibility”. Heath argued that “for our part...we shall use all our influence to support outward-looking policies” in order to reduce the economic differences between the US and Europe.<sup>33</sup> Nixon replied that within the Atlantic Alliance “the natural relations between our two countries...remains essential”, and thus Heath’s terminology of the relationship caught on quickly in the US administration.<sup>34</sup> However, close Anglo-American communication in general foreign and economic policy would soon be disrupted by the Nixon shocks – the opening of China and the disintegration of the Bretton Woods system.

Meanwhile, through secret talks between the British Ambassador in Paris Christopher Soames and the Secretary-General at the Élysée Palace Michel Jobert, it became clear by March 1971 that Heath and Pompidou would hold a bilateral meeting in order to resolve the outstanding issues on British accession.<sup>35</sup> The FCO had already advised Heath in June and July 1970 that re-assuring the French on the ‘Trojan horse’ issue was the key.<sup>36</sup> On 21 April 1971

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<sup>30</sup> Speech; “Exchange of Remarks between the President and Prime Minister Edward Heath of England – South Lawn”; 17 December 1970, 10.15 a.m.; Box 942; NSC VIP Visits: UK Visit of PM Heath, Dec 1970; NPM; NPL.

<sup>31</sup> Speech; “Exchange of Toasts between the President and Prime Minister Edward Heath of England – State Dining Room”; 17 December 1970, 9.52 p.m.; Box 942; NSC VIP Visits: UK Visit of PM Heath, Dec 1970; NPM; NPL.

<sup>32</sup> Report; “Second Annual Report to the Congress on United States Foreign Policy”; 25 February 1971; American Presidency Project [online]: <http://www.presidency.ucsb.edu/ws/?pid=3324>

<sup>33</sup> Letter; Heath to Nixon; 25 March 1971; PREM 15/715; NAUK.

<sup>34</sup> Letter; Nixon to Heath; 9 April 1971; PREM 15/715; NAUK.

<sup>35</sup> Letter; Peter Moon (Private Secretary, Foreign Affairs to the PM) to Heath; 19 March 1971; PREM 15/369; NAUK. Telegram; Soames to Heath & Douglas-Home”; 27 March 1971; PREM 15/370; NAUK.

<sup>36</sup> Memo; “Priorities in Our Foreign Policy: A Memorandum by the Foreign and Commonwealth Secretary”; CAB 148/101 (70) 13, Defence and Overseas Policy Committee; 21 July 1970; NAUK.

Soames then recommended tactics to Heath, which included the need to convince Pompidou of his support for “the emergence of a Europe which will be far more independent of the United States – politically, financially and industrially”.<sup>37</sup> Heath held a meeting with his advisers at 10 Downing Street on 30 April 1970, where he decided to open the Pompidou meeting by expressing his views on the future of Western European integration, thus “demonstrating his full commitment to ‘Europeanism’”.<sup>38</sup>

On 20-21 May 1971 Heath met with Pompidou in Paris which revealed the UK’s obsession with the ‘Trojan horse’ issue. Heath described to Pompidou how Britain had historically always been a part of Europe and the connection to the US had only developed since the Second World War. Heath said that Anglo-American relations suffered from a power imbalance, and thus the UK must join the EC. Moreover, if the EC wanted to increase its influence in the world, it must enlarge to include the UK. Heath’s “purpose was to see a strong Europe, which could speak with a single voice”. Pompidou agreed with this assessment. However, it soon became clear that a key stumbling block to Britain joining the EC was actually on the international role of sterling and its connection to the dollar (see chapter 5).<sup>39</sup> After the meeting Heath reported to Nixon, saying that a strong political and economic entity in Europe would benefit the US and the Atlantic Alliance, and that the UK would take account of US economic interests.<sup>40</sup> This meeting once again showed the balancing act between Britain joining the EC and preserving the close Anglo-American relationship.

#### The First Nixon Shock: Anglo-American Relations and the Opening of China, July 1971

In 1970 and 1971, the UK government sought to improve its relationship with China. This section argues that the Heath government consulted and worked with the Nixon administration on China policy. But in July 1971, Nixon announced his decision to visit China without consulting the UK and his other allies. This did not cause a major rift because the US and the UK shared the same objective of improving relations with China.

On the whole, the UK supported US policy on China throughout the 1950s and 1960s in order to protect the Anglo-American relationship, particularly in the defence and intelligence

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<sup>37</sup> Memo; Soames to Greenhill; “UK-EEC Negotiation”; 21 April 1971; PREM 15/371; NAUK. Also see Memo; Soames to Greenhill; “Prime Minister’s Visit to Paris”; 7 May 1971; PREM 15/371; NAUK.

<sup>38</sup> Memo; “Note of a Meeting held at 10 Downing Street: Common Market Negotiations”; 30 April 1971; PREM 15/371; NAUK.

<sup>39</sup> Minutes; “Record of Conversation between the Prime Minister and the President of the French Republic in the Élysée Palace, Paris”; 20 May 1971, 10.00 a.m.; The Margaret Thatcher Foundation [online]:

<http://www.margaretthatcher.org/archive/heath-eec.asp>  
<sup>40</sup> Letter; Heath to Nixon; 27 May 1971; PREM 15/715; NAUK.

fields.<sup>41</sup> However, there were some key differences festering underneath which came to the forefront during the Heath-Nixon period. Firstly, ever since the Communist Party of China seized power in the mainland in 1949 and established the PRC, the US continued to recognise the Government of the Republic of China (GRC), who had withdrawn to Taiwan and the Penghu Islands, as the sole legitimate government. The UK disagreed with this position and recognised the PRC in January 1950. Since 17 June 1954, Sino-British diplomatic relations were conducted at the *chargé d'affaires* level.<sup>42</sup> The Heath government sought to upgrade this to the full ambassadorial level.

Secondly, a key part of the US government's Chinese deterrence policy involved opposing the PRC control of Chinese representation at the UN, whose seat on the Security Council was occupied by the GRC.<sup>43</sup> This caused a long term Anglo-American disagreement over Chinese representation in the UN – an issue known in London and Washington as 'Chirep'.<sup>44</sup> On 15 December 1961 the 'Albanian Resolution' (named after one of its primary sponsors) sought to expel Taiwan from the UN seat in favour of Peking.<sup>45</sup> The British government supported this resolution. The FCO believed that Taiwan could not claim to be the government of "all China".<sup>46</sup> However, the UN decided that in order to change the representation of China, a resolution would require a two-thirds majority, known as an 'Important Question Resolution' (IQR), a proposal introduced by the US and also supported by the UK.<sup>47</sup> This issue continually arose at the UN throughout the 1960s, with the UK always supporting both the Albanian Resolution and the US-sponsored IQR.<sup>48</sup> For the first time, in November 1970, the Albanian Resolution passed by a small majority of 51-49. The US-

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<sup>41</sup> Victor Kaufman, "Chirep: The Anglo-American Dispute over Chinese Representation in the United Nations, 1950-1971", *The English Historical Review*, Vol. 115, No. 461, 2000, pp. 354-377.

<sup>42</sup> John Denson, UK *Chargé d'affaires* to China, 1969-1971. The UK position on Taiwan stemmed from the Cairo Declaration of 27 November 1943, in which all territories Japan had won from China during the Second World War would return to China, including Taiwan.

<sup>43</sup> Study; NSC Interdepartmental Group for East Asia; "United States China Policy: Outline and Issues"; March 1969; Box H-134; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>44</sup> Kaufman, "Chirep", *The English Historical Review*, pp. 354-377. Also see Keith Hamilton, "A 'Week that Chained the World': Britain and Nixon's China Visit of 21-28 February 1972", *Diplomacy & Statecraft*, Vol. 15, No. 1, 2004, p. 133.

<sup>45</sup> General Assembly Resolution 1668 "Representation of China in the United Nations"; 15 December 1961; United Nations [online]: <http://www.un.org/documents/ga/res/16/ares16.htm>

<sup>46</sup> Memo; "Brief for the Secretary of State's Meeting with Mr William Rogers, US Secretary of State"; 23 April 1971; FCO 82/59; NAUK.

<sup>47</sup> See Article 18 of the Charter of the United Nations.

<sup>48</sup> UN General Assembly Resolutions 2025 (17 November 1965), 2159 (29 November 1966), 2271 (28 November 1967), 2389 (19 November 1968), 2500 (11 November 1969), 2642 (20 November 1970).

sponsored IQR also passed preventing the expulsion of Taiwan.<sup>49</sup> However, momentum was moving in favour of Peking representation at the UN, which threatened US China policy.

In reaction to these developments at the UN the US administration launched an investigating into Chirep in November 1970.<sup>50</sup> From December 1970 onwards the administration informed the UK that their investigation into Chirep favoured dual representation for Taiwan and Peking, with the Security Council seat going to the PRC, as the only means of keeping Taiwan in the UN. By April 1971 this position was formalised.<sup>51</sup> But the UK government considered this position “unrealistic”, as both Taiwan and Peking opposed it.<sup>52</sup> Therefore a collision course was set on the Chirep issue.

In late 1970 and early 1971 the Heath government, unaware of the top-secret discussions in the US administration on the opening of China, as discussed in chapter 2, developed their own plans to establish full diplomatic relations between the UK and China, and to ease economic controls. The UK sought to maximise income from trade with China, reinforce the security of the Hong Kong tenure, and modify the attitudes of the Chinese leaders.<sup>53</sup> UK and Chinese officials discussed upgrading the chargé d'affaires to full ambassadorial status. They agreed that the UK would withdraw its consulate from Taiwan and oppose the IQR at the UN in 1971, in order for Peking to take control of China's UN seat. The UK would also have to publically “acknowledge the position of the Chinese Government that Taiwan is a Province of China”, although the UK would be permitted to maintain its position, that the legal status of Taiwan remained undetermined.<sup>54</sup> The UK hoped to exchange ambassadors by May 1971, putting in place John Addis.<sup>55</sup> This had important implications for Anglo-American relations because of the US deterrence policy and the NSC study into China.

In February 1971, the FCO decided to push the issue with the US administration, fearing that a delay in the exchange of ambassadors with Peking might provide time for a hardening of the PRC's position on Taiwan. Sir Denis Greenhill (the FCO Permanent Under-Secretary of State) told Walter Annenberg (the US Ambassador in London) that the UK needed to “move quickly on Chirep”. Annenberg advised State that the US needed to urgently engage the UK on the matter before they move into a “rigid and unhelpful posture”.<sup>56</sup> Senior NSC staff

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<sup>49</sup> The Important Question Resolution passed by only 66-52, down from 78-48 in November 1969.  
<sup>50</sup> Memo; “NSSM: 107: Study of Entire UN Membership Question: US-China Policy”; 19 November 1970; Box H-177; NSC Institutional Files: Study Memo; NSSM; NPM; NPL.  
<sup>51</sup> Memo; Kissinger to Nixon; “Chinese Representation at the UN”; 9 April 1971; Box H-177; NSC Institutional Files: Study Memo; NSSM; NPM; NPL.  
<sup>52</sup> Memo; “China: Brief by the Foreign and Commonwealth Office”; 1 December 1970; CAB 133/398, “Briefs: Visit of the PM to Washington, Dec 1970”; NAUK.  
<sup>53</sup> Memo; “China: Brief by the Foreign and Commonwealth Office”; 18 January 1973; FCO 82/293; NAUK.  
<sup>54</sup> Memo; “China: Brief by the Foreign and Commonwealth Office”; 8 December 1971; CAB 133/417; NAUK.  
<sup>55</sup> British Ambassador to Manila (1963-1969). Formally based at the UK's China diplomatic mission from 1947-1957.  
<sup>56</sup> Telegram; Annenberg to Rogers; “UK Views on Chirep”; 25 February 1971; Box H-177; NSC Institutional Files: Study Memo; NSSM; NPM; NPL.

member Marshall Wright picked up on the telegram and noted: “danger that British position will prematurely jell against us”, obstructing the NSC investigation into China.<sup>57</sup> Wright wrote to Kissinger, under the heading “The British Being Unhelpful on the Chirep Issue”, pointing out that the UK were “going off on their own”. He advised that the US needed to “put a little rein on them”.<sup>58</sup> Kissinger subsequently urged State to “earnestly and urgently” raise the topic with Lord Cromer (British Ambassador in Washington) and make sure that “they will take no steps” until “we have formulated our policy”.<sup>59</sup> Therefore, the US administration sought to delay the UK’s policy of increasing diplomatic links with the PRC.

At the Douglas-Home and Rogers meeting in London on 27 April 1971, the US succeeded in further delaying the UK’s plans. Douglas-Home argued that the IQR “was wearing terribly thin” and that the UK “will certainly have to change” its vote. Rogers said that the US was thinking in terms of dual representation and that the expulsion of Taiwan would have a “severe impact on American opinion” and produce “disenchantment with the UN”. However, Rogers said that the administration would “hope to reach a decision within a month”.<sup>60</sup> Yet, at the next meeting between Rogers and Douglas-Home at the North Atlantic Council in Lisbon on 3 June 1971, the US once again deferred the decision.<sup>61</sup> FCO officials still feared that the Chinese might produce additional pre-conditions on the exchange of ambassadors and that “time is not on our side”.<sup>62</sup> Therefore, considerable difference remained in Anglo-American relations on Chirep, and the US managed to delay the UK’s move towards full diplomatic relations with the PRC.

On 9-10 July 1971 Kissinger went on a secret mission to China, which was shortly followed by Nixon’s abrupt announcement on the 15 July 1971 that he would be visiting the PRC, sometimes referred to as the first “Nixon shock”.<sup>63</sup> This dramatically changed the situation and caused difficulties between London and Washington. On 10 July 1971, as Kissinger was in Peking, China informed the UK chargé d’affaires John Denson that in order for there to be an exchange of ambassadors the UK must state that “Taiwan is a province of China” – rather than

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<sup>57</sup> Ibid. The comment was hand-written on top of the telegram. Marshall White (Senior NSC Staff, June 1970 - April 1972).

<sup>58</sup> Memo; Wright to Kissinger; “The British Being Unhelpful on the Chirep Issue”; 26 February 1971; Box H-177; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>59</sup> Memo; NSC to Theodore Eliot (Executive Secretary, State Department); 2 March 1971; Box H-177; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>60</sup> Minutes; “Record of Meeting between the Foreign and Commonwealth Secretary and the United States Secretary of State after lunch at No.1 Carlton Gardens”; 27 April 1971; FCO 82/59; NAUK.

<sup>61</sup> Minutes; “Record of Conversation between the Foreign and Commonwealth Secretary and the United States Secretary of State at lunch at the American Embassy, Lisbon”; 3 June 1970, 1.15 p.m.; FCO 82/60; NAUK.

<sup>62</sup> Memo; “China: Brief by the Foreign and Commonwealth Office”; 27 May 1971; FCO 82/60; NAUK.

<sup>63</sup> Speech; Nixon; “Remarks to the Nation Announcing Acceptance of an Invitation to Visit the People’s Republic of China”; 15 July 1971; American Presidency Project [online]: <http://www.presidency.ucsb.edu/ws/?pid=3079>

the previous position, of only having to “acknowledge” the Chinese “position” on Taiwan.<sup>64</sup> Therefore, Kissinger’s secret visit to Peking, unknown to the UK government, had an influence in boosting the diplomatic position of the PRC and toughening their negotiating position with the British.

On 11 August 1971 Nixon belatedly wrote a lengthy letter to Heath on his China announcement, hoping that “we can maintain close cooperation on this matter” and that Anglo-American relations “continue to be fundamental to American foreign policy”.<sup>65</sup> Nixon asked for Heath’s views on the initiative. Heath responded almost two months later with a short thank you letter.<sup>66</sup> Kissinger viewed this as “a brush off” and remarked that the “delay and terseness of the Prime Minister’s letter to the President...had not passed unnoticed”.<sup>67</sup> But in the intervening time the second “Nixon shock” had come, on 15 August 1971, with the introduction of the New Economic Policy. This broke the convertibility of the dollar into gold, imposed a 10% import surcharge, and created a four month international monetary crisis (see chapter 5). This period marked a collapse in friendly Anglo-American cooperation.

The Heath government complained to the Nixon administration over the lack of consultation over Chinese rapprochement, signalling the breakdown in communication. The FCO informed the US Embassy in London of their “irritation” and Heath’s “unhappiness” regarding the administration’s “failure to consult”, and that the US had adopted policies that “disregard British interests”. The UK had provided the US with “candid notice” on their intentions to exchange ambassadors with China, and that on the insistence of the US, they had postponed their negotiations. Yet the dramatic announcement on 15 July 1971 had “undercut their position”. According to Annenberg, the UK’s annoyance stemmed from the “highly exaggerated importance they attach to the proposed UK/PRC ambassadorial exchange” and that there was “frustrated expectation” from the FCO that “Britain could have played a central role” in the opening of China.<sup>68</sup>

Kissinger defended US actions, informing Cromer that the “State Department was in ignorance throughout”, and therefore they could not reveal the hand that the White House was playing.<sup>69</sup> Moreover, Kissinger claimed that he had told the UK “more than anyone else...more than he had been vouchsafed even to Rogers”.<sup>70</sup> Cromer believed that the breakdown in communication partly stemmed from “Dr. Kissinger’s distrust of the State Department and the

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<sup>64</sup> Telegram; John Denson to FCO; “Sino-British Relations”; 10 July 1971; FCO 21/834.

<sup>65</sup> Letter; Nixon to Heath; 11 August 1971; PREM 15/715; NAUK.

<sup>66</sup> Letter; Heath to Nixon; 5 October 1971; PREM 15/715; NAUK.

<sup>67</sup> Letter; Lord Cromer to Greenhill; 29 October 1971; FCO 82/64”; NAUK. Telegram; Cromer to FCO; “Anglo-American Relations”; 12 November 1971; PREM 15/712”; NAUK.

<sup>68</sup> Telegram; Annenberg to Rogers; “Bermuda Meeting: China”; December 1971; Box 950; NSC VIP Visits: Bermuda, Dec 1971; NPM; NPL.

<sup>69</sup> Telegram; Cromer to FCO; “Anglo-American Relations”; 12 November 1971; PREM 15/712; NAUK.

<sup>70</sup> Telegram; Cromer to FCO; 28 April 1972; PREM 15/1265; NAUK.

Department of Defense”.<sup>71</sup> The State Department had actually sought to work closely with the UK on the development of China policy.<sup>72</sup> But Kissinger and the White House cut out State’s influence and failed to consult with their allies, which caused a temporary collapse in Anglo-American communication.

In any case, the FCO thought that on the substance of US China policy the Nixon initiative was “to be welcomed”.<sup>73</sup> UK officials and ministers praised Nixon’s initiative on China. Cromer noted in his annual diplomatic report that “history will surely give President Nixon credit for trying to move towards normal relations with China. Perhaps the decision to go to Peking is the move of the year with the most important long-term implications” – a bold statement in light of the action on SALT and the dismantling of the Bretton Woods system.<sup>74</sup>

Following on from the tension over China and the collapse of the Bretton Woods system, Heath wanted a discussion on the broad question of relations with the US, in preparation for an upcoming meeting with Nixon in order to re-ignite close cooperation. An FCO study pointed out several trouble spots – China, US economic pressures, NATO burden sharing, and the enlargement of the EC. It noted the tendency of the US to ignore Europe while it focussed on superpower relations, China, and Vietnam. The FCO warned 10 Downing Street of the “risk” of “little or no US consultation”. This would lead to UK interests being overlooked.<sup>75</sup> It also said that the European commitment must have priority, but that the UK needed to “maintain as much influence in Washington as we can”, especially in the nuclear and intelligence fields.

However, a persistent problem in Anglo-American relations intensified from 3-16 December 1971 on the Indo-Pakistan War. The war itself had been building since the beginning of 1971, and differences between the Heath and Nixon government on the conflict continued throughout 1970 and 1974, as they had on Middle Eastern policy, discussed below.<sup>76</sup> In February 1971 the administration had already started an investigation into a possible move by East Pakistan towards secession.<sup>77</sup> While the Nixon administration blamed India for the conflict and sought to protect Pakistan, as the smaller state, the UK government were greatly concerned

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<sup>71</sup> Minutes; “Note of Meeting between Lord Cromer and Edward Heath”; 1 May 1972; PREM 15/1265; NAUK.

<sup>72</sup> Memo; Mortimer Goldstein (Country Director for UK, State Department) ; “The Need for Coordination of US China Policy with the United Kingdom”; Box 5; UK Record 1962-74; General Records of the Department of State, Record Group (RG) 59; NARA II.

<sup>73</sup> Study; FCO; “Future Relations with the US”; 5 November 1971; PREM 15/712; NAUK

<sup>74</sup> Memo; Cromer; “United States Annual Review for 1971”; 1 February 1972; FCO 82/45; NAUK. John Addis installed as UK Ambassador to China on 13 March 1972 until 17 June 1974. See 833 H.C. Deb. 31-35, 13 March 1972 for the “Joint Communiqué on the Agreement on an Exchange of Ambassadors”.

<sup>75</sup> Study; FCO; “Future Relations with the US”; 5 November 1971; PREM 15/712; NAUK.

<sup>76</sup> Memo; “Pakistan: Chronology”; 1970; NSC Files: Indo-Pak War; NPM; NPL.

<sup>77</sup> Memo; “NSSM 118: Contingency Study on Pakistan – Addendum to NSSM 109”; 16 February 1971; Box H-181; NSC Institutional Files: Study Memo: NSSM; NPM; NPL. Also see Geoffrey Warner, “Review Article: Nixon, Kissinger, and the Breakup of Pakistan, 1971”, *International Affairs*, Vol. 81, No. 5, 2005, 1097-1118.

about alienating the Indians which would “merely force them further into the arms of the Russians and forfeit such influence as the West retains”.<sup>78</sup> Both sides viewed the war in the context of the Cold War, their relationships with China and the Soviet Union, and their interests in the region.<sup>79</sup>

Nevertheless, Nixon and Heath re-established close relations at the Bermuda summit on 20-21 December 1971.<sup>80</sup> Heath believed that “the particular relationship between Britain and the United States need not change in any way. Britain did not intend to pursue a ‘pro-European’ policy” and that British interests included “maintaining the closest links between the two sides of the Atlantic”. Nixon concluded that “we must hold together politically, despite the increased economic competition which would...rightly develop” between the US and the EC.<sup>81</sup> Moreover, Nixon believed that Anglo-American differences were only “tactical”.<sup>82</sup> This meeting recognised the growing importance of the EC bloc, its continued political importance to US foreign policy, and the importance of Anglo-American relations to the UK.

### **UK’s EC Membership Stage (1973-1974)**

#### The Year of Europe, April to December 1973

Due to the enlargement of the EC and increased economic and monetary competition between Western Europe and the US, the Nixon administration embarked on a reform of the US-European relationship in 1973, known as the ‘Year of Europe’. The UK, as a new member of the EC, became directly involved in the initiative.

This section argues that the ‘Year of Europe’ caused personal tensions at the top level in Anglo-American relations, although it continued to be a strong alliance. The reasons for these tensions were that (a) differences emerged on the substance of policy; (b) both the US and the UK misunderstood each other’s motivations and developed unrealistic expectations; (c) the centralised and secretive nature of White House policy making under Nixon and Kissinger exacerbated Anglo-American misunderstandings; and (d) the US administration encountered an unwieldy, bureaucratic enlarged EC that found it difficult to develop a common policy. To add to this, the outbreak of the Yom Kippur War in October 1973 also exposed policy differences

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<sup>78</sup> Memo; “India and Pakistan: Brief by the Foreign and Commonwealth Office”; 16 December 1971; CAB 133/417; NAUK.

<sup>79</sup> Memo; NSSM 109: Policy Study on South Asia”; 19 December 1970; Box H-178; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>80</sup> Minutes; “Record of Meeting at Government House, Bermuda”; 20 December 1971, 1.30 p.m.; PREM 15/1268; NAUK.

<sup>81</sup> Minutes; “Record of a Meeting at Government House, Bermuda”; 21 December 1971, 10.00 a.m.; PREM 15/1268; NAUK.

<sup>82</sup> Minutes; “Record of Plenary Meeting between the United Kingdom and United States Delegations, led by the Prime Minister and President Nixon, at Government House, Bermuda”; 21 December 1971, 2.30 p.m.; PREM 15/1268; NAUK.

between the US and the UK. These contributed to harming Anglo-American friendly relations between April and December 1973.

Some historians have argued that the Year of Europe provided Heath with the opportunity to prove his 'Europeanism'. Catherine Hynes said that Heath wanted to "publicly remould British foreign policy within a European framework" and seek "a Europeanised drift to British foreign policy".<sup>83</sup> Daniel Moeckli also took the view that Heath seemed ready to "forfeit the special relationship" for the sake of a "leading British role in Europe".<sup>84</sup> Thomas Robb argued that the Year of Europe led to cancellation of nuclear and intelligence cooperation.<sup>85</sup> However, the desire from both sides for intimate communication, seeking a balanced relationship rather than a fundamental re-orientation, needs to be taken into account. Many of the difficulties in Anglo-American relations under Heath and Nixon occurred at specific times and during particular crises.<sup>86</sup> Close cooperation between the US and the UK took place throughout this period, despite the UK's membership of the EC. Moreover, the US agreed to cooperate with the UK on the upgrade of the nuclear Polaris system during this period.

In November 1972 Nixon opened a NSC review of US policy on Western Europe. This formed the basis of Kissinger's unilateral announcement of a Year of Europe. Nixon wanted the study to look at the interrelationship between political, economic, military, security, and scientific issues between the US and Western Europe. Nixon regarded it as "of prime importance" for building a framework for future relations.<sup>87</sup>

The NSC Interdepartmental Group for Europe conducted the investigation and reported in December 1972. It observed that through EC integration, Western Europe had moved to a more independent position from the US, yet they still relied on the US through NATO and nuclear guarantees. The "military and security elements bind us; but economic and political issues tend to divide us", and so it concluded that "US-Western European relations are today unbalanced". It offered three policy options: (1) move towards an integrated political, economic, and security US-EC relationship; (2) allow the US relationship with the EC to deteriorate and move towards closer bilateral cooperation with the USSR; (3) pursue the present policy of separating US-EC security issues from economic and political questions.<sup>88</sup> It thus considered a serious change in the US-EC relationship. However, the administration, occupied by other major issues, such as the November 1972 presidential election and the Vietnam War peace negotiations, delayed any major action in the European field.

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<sup>83</sup> Hynes, *The Year That Never Was*, 237.

<sup>84</sup> Daniel Mockli, "Asserting Europe's Distinct Identity: The EC Nine and Kissinger's Year of Europe", in *The Strained Alliance*, eds., Schulz & Schwartz, 200-201. Also see Campbell, *Edward Heath*, 348-349.

<sup>85</sup> Robb, "Henry Kissinger, Great Britain", 297-318.

<sup>86</sup> This view is also supported by Spelling, "Edward Heath", 654. Also see Sorvillo, "Caught in the Middle", 69-82.

<sup>87</sup> Memo; "NSSM 164: United States Relations with Europe"; 18 November 1972; Box H-194; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>88</sup> Study; NSC; "US Relations with Europe: NSSM 164"; 18 December 1972; Box H-194; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

In December 1972, Nixon had implemented his “Christmas bombing” campaign of North Vietnam. Heath strongly backed Nixon in contrast to most Western European governments, which signalled solidarity with the US. Nixon strongly appreciated the support.<sup>89</sup> Trend reported back to Heath that Nixon “is now very angry indeed with practically all the European countries....We alone emerged from this episode with credit, we alone are good; everybody else is bad”.<sup>90</sup> Cromer informed the FCO of the “intensity of rage against all those who have publicly criticised President Nixon’s recent Vietnam policy” and that the UK stood out as the “blue eyed boys”.<sup>91</sup> Kissinger told Nixon over the phone that the British think “we did the right thing” and that “Europe will be thankful to you someday for what you did”. Kissinger pondered “why did he [Heath] do it? Not for himself. Not even primarily for the United States”. Nixon interrupted with “not even for a miserable Vietnam but because of Europe, the Mid-East, let’s face it” – meaning that it was important to preserve US credibility for the defence of Europe, as discussed between Heath and Nixon at Chequers in October 1970.<sup>92</sup>

In 1973 Kissinger and Nixon revived their plans for an initiative on reforming US-European relations. On 1 February 1973, Nixon told Heath in Washington that the “United Kingdom would understand more clearly than France the dangers, both economic and political, of an outright confrontation between Europe and the United States”, and hence the two countries should work together to bridge the problems in the Atlantic Alliance.<sup>93</sup> This final meeting between Heath and Nixon marked a high point in their relationship because of the British government’s support on Vietnam. Nixon told Heath that he “would remember for the future” that the British government stood by the US during the resumption of the bombing campaign and did not “climb on the bandwagon of momentary popular sentiment”. Heath told Nixon that his “political judgement on the mining of Haiphong had been clearly justified” and praised the peace agreement signed on the 27 January 1973.<sup>94</sup>

In March 1973, pushing on with their attempt to re-define Atlantic relations, Kissinger requested that the British cooperate with him on devising a “conceptual framework” on East-West and trans-Atlantic relations over the next ten years. Heath agreed to this, while “keeping a weather eye on the reactions of our European allies”.<sup>95</sup> The FCO passed on a paper to Kissinger written by Sir Thomas Brimelow (FCO Deputy Under-Secretary of State), which warned that a “trade war within the West could rule out any Western solidarity in East-West relations”.<sup>96</sup>

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<sup>89</sup> Letter; Nixon to Heath; 2 March 1973; PREM 15/1981; NAUK.

<sup>90</sup> Memo; Trend to Heath; 17 January 1973; PREM 15/1976; NAUK.

<sup>91</sup> Memo; Cromer to Greenhill; 17 January 1971; PREM 15/1976; NAUK.

<sup>92</sup> Telecon; Kissinger to Nixon; 16 January 1973; Box 17, File 10; Kissinger Telecons: Chronological File; NPM; NPL.

<sup>93</sup> Minutes; “Record of Discussion at the Old Executive Building, Washington, D.C.”; 1 February 1973, 4 p.m.; PREM 15/1978; NAUK.

<sup>94</sup> Minutes; “Record of Discussion at the White House, Washington DC”; 1 February 1973, 10.30 a.m.; PREM 15/1978; NAUK.

<sup>95</sup> Memo; Trend to Heath; 16 March 1973; PREM 15/1540; NAUK.

<sup>96</sup> Paper; Thomas Brimelow; “The Next Ten Years in East-West and Trans-Atlantic Relations”; 5 April; PREM 15/1541; NAUK.

Heath considered this “an important document”, and sent the Cabinet Secretary Sir Burke Trend and Brimelow to Washington to discuss Atlantic relations with Kissinger.<sup>97</sup>

On 19 April 1973 Kissinger met with Brimelow, Trend, and Lord Cromer for a four hour discussion. Kissinger informed them of his idea for a “reaffirmation of Atlantic solidarity” which he planned to make in a forthcoming speech, and that he hoped for a positive response.<sup>98</sup> Kissinger’s delivered his Year of Europe speech on 23 April 1973 at the Associated Press Luncheon in New York. He called for “a new Atlantic charter” between the US and Western Europe, but also including Canada and Japan. He reiterated US support for European integration, but only as “a component of a larger Atlantic partnership”. Moreover, he called for a “unifying framework” to deal with monetary, trade, political, and defence issues as a whole.<sup>99</sup> Therefore, Nixon and Kissinger wanted an integrated US-EC relationship as recommended in the December 1972 NSC report, significant as US policy usually separated European defence cooperation from economic and political competition.

The UK originally offered a positive response to the Year of Europe. Trend reported to Heath that the speech “is very much in line with what K said to us in Washington”, but that “it is a good deal more forthright, more in the nature of a challenge to Europe, than he led us to expect”.<sup>100</sup> Trend also observed that “K continued to be obsessed by the problem” of trans-Atlantic relations and talked with a “new urgency and an additional impatience”, although he appeared to “genuinely want to make progress”.<sup>101</sup> Cromer advised against being “too cautious and suspicious” which would cause serious damage to US-UK relations and believed that “its political significance and potential effectiveness could be considerable”.<sup>102</sup> On 27 April 1973 Douglas-Home publically commented on the “real importance” of Kissinger’s initiative and that “it is essential to reaffirm the underlying common interest of the Western world”. However, he criticised the timing of the Year of Europe, saying that the UK would have preferred that the enlarged EC had time to develop its own common policies. Nevertheless, Douglas-Home committed the UK to “play our part”.<sup>103</sup>

Following the UK’s initial welcome and approval of Kissinger’s speech, Trend informed Heath of the preliminary views of officials, who argued that the UK “must be wary of the United States attempt to drive a political wedge between ourselves and our European allies or to use us as a stalking horse for Washington’s purpose in Europe”. Trend advised Heath to

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<sup>97</sup> Memo; Trend to Heath; 16 March 1973; PREM 15/1540; NAUK. Heath comment hand-written on the memo, dated 18 March 1973.

<sup>98</sup> Memo; Burke Trend; “Personal Record of a Discussion in the British Embassy, Washington, D.C.”; 19 April 1973; PREM 15/1541; NAUK.

<sup>99</sup> Kissinger, *American Foreign Policy* (New York: W.W. Norton & Company, 1974), 165-177.

<sup>100</sup> Memo; Trend; “Personal Record of a Discussion in the British Embassy, Washington, D.C.”; 19 April 1973; PREM 15/1541; NAUK.

<sup>101</sup> Memo; Trend to Heath; “Discussion with Dr. Kissinger”; 24 April 1971; NAUK.

<sup>102</sup> Telegram; Cromer to Heath; “US-European Relations: Dr. Kissinger’s Speech”; 23 April 1971; PREM 15/1541. Heath underlined the quote, initialled on 25 April 1971.

<sup>103</sup> Speech; Douglas-Home; “Speech Made by the Foreign and Commonwealth Secretary at Dunblane”; 27 April 1973; PREM 15/1541; NAUK.

avoid taking up a leading role, while at the same time being “positive and constructive”. Heath commented that “this seems to be the right approach”.<sup>104</sup> Meanwhile, the NSC reported to Kissinger on the European response to his speech, noting that the UK, Germany, and France all thought that “the new Europe is too young to speak with a unified voice on foreign policy”, and so Kissinger immediately became aware of problems with his Atlantic proposition.<sup>105</sup>

Kissinger met with Trend and FCO officials in London on 10 May 1973, which revealed Anglo-American differences on how to proceed with the drafting of an ‘Atlantic Declaration’. Kissinger explained that the US was “not motivated by narrow national self-interest” and that if the UK could agree with the US, then it would help gain the support of Germany and France. But Trend and Greenhill pointed out the considerable difficulties in persuading the EC to move on the initiative, particularly over procedural issues within the enlarged EC institutions, and therefore separate discussions would be needed, within NATO and within the EC. Kissinger reacted poorly, expressing “regret that the British government, whom the United States...had particularly taken into their confidence, had at times appeared to lack understanding of American intentions”.<sup>106</sup> At this meeting the UK adopted a more cautious tone, while Kissinger expressed displeasure at the lack of enthusiasm and progress in Europe over his Atlantic initiative. Soon after this Nixon ordered the NSC to start planning for an Atlantic declaration, based on the principles of a continuing US commitment to the defence of Europe and “support for the cause of European unity”.<sup>107</sup>

Despite the UK’s cautious attitude with Kissinger, Heath met with the French President Pompidou on 21 May 1973, where he sought to persuade the French to react positively to the Year of Europe. The UK had been a member of the EC for five months, and so Heath did not have to worry about Trojan horse accusations in the same way as during the negotiations phrase. Heath argued that Nixon had a “genuine” desire to improve relations and that he disagreed with the view that the US wanted to divide Europe. Moreover, Heath told Pompidou that the EC “could have confidence in our approach to relations with the United States”. Heath suggested that Pompidou draft a declaration, at which Pompidou “indicated dissent with a deprecating smile”. Interestingly, Heath criticised Kissinger’s speech for referring to the EC as a regional organisation. Heath believed that the EC had a global role. Pompidou disagreed, arguing that actually the EC had a “regional vocation...the Community was based on the European continent”, which displayed a major difference in Anglo-French thinking.<sup>108</sup>

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<sup>104</sup> Memo; Trend to Heath; 2 May 1973; PREM 15/1541. Heath comment hand-written on memo, dated 3 May 1973.

<sup>105</sup> Memo; A. Denis Clift (NSC Staff Member) to Kissinger; “Foreign Reaction to ‘Year of Europe’ Speech”; 7 May 1973; Box 329; NSC Subject Files: Foreign Policy; NPM; NPL.

<sup>106</sup> Minutes; “Dr. Kissinger’s Visit”; 10 May 1973; PREM 15/1541; NAUK.

<sup>107</sup> Memo; “NSSM 183: Principles for a Declaration on Atlantic Relations”; 18 November 1972; Box H-200; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>108</sup> Minutes; “Record of Conversation between the Prime Minister and the President of the French Republic at the Elysee Palace, Paris”; 21 May 1973, 10 a.m.; PREM 15/1541; NAUK.

Heath reported to Nixon that Pompidou wants to have “constructive trans-Atlantic relations” but that it could not take place through the EC official machinery, and that there were serious bureaucratic difficulties on the European side.<sup>109</sup> Nixon replied that “I appreciate your efforts to arrange a constructive European response to the review of US-European relations”, but that “questions of institutional arrangements or forums for proceeding are not critical”.<sup>110</sup> While this exchange showed close Anglo-American cooperation, it also exposed US misunderstanding of EC institutional mechanisms.

In July and August 1973 Anglo-American relations took a major turn for the worse because of US frustration over the length of time in building a consensus in Europe and over the UK unauthorised sharing of confidential US-UK information. Nixon wrote to Heath on 18 July 1973 urging him to help push forward the Year of Europe initiative.<sup>111</sup> Following a ministerial meeting of the nine members of the EC in Copenhagen on 23 July, Heath informed Nixon on 25 July that the EC had decided to work on a paper on the “European identity” to serve as a basis for the establishment of an Atlantic declaration. More significantly, the EC nine had decided they would “exchange the information which they obtain in the framework of bilateral conversations with the US and try to harmonise their reactions”. Heath assured Nixon that the UK “said absolutely nothing to our partners...about Kissinger’s meetings with Trend and Brimelow”. However, he believed that the UK should “adhere” to the decision to share information on US-UK bilateral conversations.<sup>112</sup>

Nixon sent an immediate, frosty reply on 26 July, which according to Kissinger was “personally dictated by the president”, not a “staff effort”.<sup>113</sup> Nixon said that “I am quite concerned about the situation...it is hard to understand the refusal of our allies to discuss the substance of our mutual relationships after three months of strenuous efforts on our part”. Nixon was convinced that Heath had agreed on a major initiative at their January 1973 meeting. Moreover, Nixon said that “I find it puzzling what you say about the exploitation of our private bilateral contacts by the country that had initially insisted on them”.<sup>114</sup> Therefore, the early Anglo-American cooperation on the Year of Europe seemed to develop into a personal quarrel over the sharing of confidential bilateral exchanges.

Shortly after on 30 July 1973, Trend and Brimelow faced a tough encounter with Kissinger in Washington. Kissinger entered into “a long and repetitive expression of disappointment and dissatisfaction”, wondering whether there “was an adversary relationship developing?”, although Kissinger admitted that he had “misjudged what the European reaction

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<sup>109</sup> Letter; Heath to Nixon; ND; PREM 15/1981; NAUK.

<sup>110</sup> Letter; Nixon to Heath; 30 May 1973; PREM 15/1981; NAUK.

<sup>111</sup> Letter; Nixon to Heath; 18 July 1973; PREM 15/1981; NAUK.

<sup>112</sup> Letter; Heath to Nixon; 25 July 1973; PREM 15/1981; NAUK.

<sup>113</sup> Telegram; Kissinger to Trend; 26 July 1973; PREM 15/1543; NAUK.

<sup>114</sup> Letter; Nixon to Heath; 26 July 1973; PREM 15/1543; NAUK.

would be” to his initiative.<sup>115</sup> Later that night Kissinger telephoned Trend to ensure that their conversation would be kept private, out of the hands of the State Department, which showed the personal distrust growing in Anglo-American consultation. Kissinger said that “it is a sad day in the history of our two countries. It is not...natural”. He continued that someone once wrote “half facetiously if Britain is forced into the Common Market it will be forced to pursue Gaullist policy with British method. And it may be coming true”. Trend replied that “I personally don’t think so” and that the situation “will come right”. Trend was soon stepping down as Cabinet Secretary, and Kissinger told him that on a personal level “we have not only a natural but a special relationship”. But then he said that “you know our two people really belong on the same side”.<sup>116</sup>

On 9 August 1973 Kissinger’s personal anger regarding the state of Anglo-American relations reached a new level, following his failure to obtain information from UK officials on an EC meeting. Kissinger told Nixon that:

I’m cutting them off from intelligence special information they are getting here. I mean if they are going to share everything with the Europeans we can’t trust them for special relationship. I am putting it on the basis that we are reassessing all liaison relations....It was a horrible mistake that we pushed them into Europe.

Nixon replied “Sure. No special relations. Correct. They’ll have the relations with the French”. But then Nixon sought to counter Kissinger’s bluster and anger, by saying “it is just part of the international game....It is a passing thing”. The conversation also turned to tactics. Nixon thought that “as far as we’re concerned though lets not be too eager”, while Kissinger said that “I think they’ll come around but they are going to be tough....The Europeans will be on their knees by the end of the year”.<sup>117</sup>

However, this personal breakdown must not be exaggerated in terms of the overall Anglo-American relationship. Frequent consultations continued between the two governments throughout the rest of the Heath-Nixon period. Only a few weeks later on 17 August 1973 Kissinger reported to his deputy Alexander Haig that “the British have pretty well caved; they’re going to put out a statement...strongly supporting our initiative...on the Year of Europe. But we can’t let up the heat yet”, which showed Kissinger’s tactics in seeking to push through an Atlantic Declaration.<sup>118</sup> Heath wrote to Nixon on 4 September 1973 explaining that “there is certainly no question” of “any loosening” of close Anglo-American ties. Heath placed great

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<sup>115</sup> Memo; “Information Communautaire: Conversation between Dr. Kissinger and Sir Burke Trend, Sir John Hunt, and Sir Thomas Brimelow, Washington”; 30 July 1973; PREM 15/1543; NAUK.

<sup>116</sup> Telecon; Kissinger to Trend; 30 July 1973; Box 21, File 4; Kissinger Telecons: Chronological Files; NPM; NPL.

<sup>117</sup> Telecon; Kissinger to Nixon; 9 August 1973; Box 21, File 5; Kissinger Telecons: Chronological Files; NPM; NPL.

<sup>118</sup> Telecon; Kissinger to Haig; 30 July 1973; Box 21, File 7; Kissinger Telecons: Chronological Files; NPM; NPL.

emphasis on “how difficult it is for a number of separate states to develop a common policy and common institutions”.<sup>119</sup> Nixon responded on 9 September: “I too believe we must maintain a close relationship”.<sup>120</sup> But more importantly, one of the key components of the ‘special relationship’ – nuclear cooperation – remained unharmed, despite Kissinger’s threat in the above telephone conversation. Just a few months later, in January 1974, Nixon approved the upgrade of the UK’s Polaris system, and therefore a special link remained between Britain and the UK (see chapter 6).<sup>121</sup>

The 1973 Year of Europe, or what Kissinger later termed as “The Year That Never Was”, ended with the EC Copenhagen Summit, on 11-12 December 1973.<sup>122</sup> The EC released a “Declaration on Europe’s Identity”.<sup>123</sup> But it took another six months for an Atlantic Declaration, approved and published at the Ottawa North Atlantic Council on 19 June 1974, and signed by the Heads of Governments in Brussels on 26 June 1974. It recorded the “irreplaceable” role of the US in the defence of Europe and that greater EC unity contributed towards the defence of the Atlantic Alliance.<sup>124</sup> It therefore leaned towards Kissinger’s concept of the EC as part of the Atlantic Alliance, although also reflecting the independent role played by both the US and the EC, as two separate entities, and so mainly a consensus between the views of the US and the EC.

### The Yom Kippur War, October 1973

War broke out in the Middle East on 6 October 1973 between Israel, Syria, and Egypt, which disrupted progress on the Year of Europe. It is argued here that the war created further strain in the Anglo-American relationship. But this had little to do with Britain’s entry into the EC, but with long-standing US-UK disagreement on Middle Eastern policy.<sup>125</sup>

Anglo-American historiography has tended to overstate the US-UK disagreement over the Yom Kippur War as another case of “Heath’s Europhilia”.<sup>126</sup> Richie Ovendale thought that “Heath clearly aligned Britain with its European partners”.<sup>127</sup> Christopher Bartlett argued that Heath’s “European-mindedness...dictated a policy of caution in the Middle East”.<sup>128</sup> However,

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<sup>119</sup> Letter; Heath to Nixon; 4 September 1973; PREM 15/1546; NAUK.

<sup>120</sup> Letter; Nixon to Heath; 9 September 1973; PREM 15/1546; NAUK.

<sup>121</sup> Letter; Nixon to Heath; 19 January 1974; PREM 15/2038; NAUK.

<sup>122</sup> Kissinger, *Years of Upheaval*, 192.

<sup>123</sup> “Declaration on Europe’s Identity”; 14 December 1973; Archive of European Integration [online]: [http://aei.pitt.edu/4545/1/epc\\_identity\\_doc.pdf](http://aei.pitt.edu/4545/1/epc_identity_doc.pdf)

<sup>124</sup> “The Declaration on Atlantic Principles”; 19 June 1974; NATO [online]: [http://www.nato.int/cps/en/SID-2690DFB6-9DC09412/natolive/official\\_texts\\_26901.htm](http://www.nato.int/cps/en/SID-2690DFB6-9DC09412/natolive/official_texts_26901.htm) Also known as the “Ottawa Declaration”.

<sup>125</sup> For example, see Nigel Ashton, *Eisenhower, Macmillan and the Problem of Nasser: Anglo-American and Arab Nationalism, 1955-1959* (Basingstoke: Macmillan, 1996).

<sup>126</sup> Geraint Hughes, “Britain, the Transatlantic Alliance, and the Arab-Israeli War of 1973”, *Journal of Cold War Studies*, Vol. 10, No. 2, 2008, 39.

<sup>127</sup> Ovendale, *Anglo-American*, 141.

<sup>128</sup> Bartlett, ‘The Special Relationship’, 132.

once again, this overlooks the high level of Anglo-American communication and intelligence-sharing during the crisis, as well as the long term problems between the US and the UK in the Middle East.

Four main areas of Anglo-American contention developed over: (1) the UK arms embargo on Israel and the Arab states; (2) the passing of a ceasefire resolution at the UN; (3) the US military alert; and (4) US operations from UK military facilities, in support of Israel.

Kissinger, the US Secretary of State since 22 September 1973, spoke daily to the British government throughout the crisis, either through Lord Cromer in Washington or Douglas-Home in London. On the first day of fighting, Kissinger phoned Cromer and declared that “Our worst mistake was to throw you out of the Canal”. He then passed on information “for the Prime Minister only”, of secret intelligence reports regarding the Israeli and Arab positions on the front.<sup>129</sup>

But the US and the UK had differing interests in the Middle East which translated into policy. The UK based its policy on the need to protect economic links and oil supplies from the Arab states. In contrast, the US administration focussed on ensuring the survival of the State of Israel and countering Soviet support for Arab states in the region.<sup>130</sup> On the first day of the Yom Kippur War the UK government stopped the shipment of arms to the combatants, just as the Wilson government had done during the 1967 Six Day War.<sup>131</sup> The UK arms embargo directly conflicted with the US policy of re-supplying Israel during the war. Throughout Nixon’s presidency, the US provided massive financial and military backing to Israel. In October 1970, Nixon had approved \$500 million of aid to Israel in order “to maintain continuing support for Israel’s military position”, allowing Israel to negotiate with Arab states from “a position of strength”.<sup>132</sup> Yet the British government displayed an obsession with oil supplies. The FCO boasted to the Cabinet on 25 October 1973 that due to the arms embargo “Saudi Arabia and Abu Dhabi...do not wish to reduce our supplies” and that the “UK will be supplied on the same scale as during the first nine months of this year”, while most Arab producers “have placed embargos on shipments to the US”.<sup>133</sup> After reviewing the situation on 29 October 1973, the FCO advised Heath to continue suspending arms and ammunition to the conflicting parties, to avoid “jeopardising our oil interests”, despite causing problems with arms purchasers under contract

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<sup>129</sup> Telecon; Kissinger to Cromer; 6 October 1973; Box 22, File 7; Kissinger Telecons: Chronological Files; NPM; NPL.

<sup>130</sup> Memo; “Arab-Israeli Dispute: Brief by the Foreign and Commonwealth Office”; 30 November 1970; CAB 133/398; NAUK.

<sup>131</sup> Telegram; FCO to UK Missions; “Fighting in the Middle East”; 6 October 1973; FCO 93/254; NAUK. For the Wilson government see 747 H.C. Deb. 805-806, 6 June 1967. The decision was supported by the Shadow Foreign and Commonwealth Secretary Douglas-Home.

<sup>132</sup> Memo; Kissinger to Nixon; “Financial Assistance to Israel”; 9 October 1970; Box H-219; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.

<sup>133</sup> Memo; “The Middle East: The Foreign and Commonwealth Office”; 24 October 1973; FCO 92/203; NAUK.

and US disapproval.<sup>134</sup> This displayed that the US and UK had fundamentally different approaches to the Middle East, whether or not the UK joined the EC in January 1973.

As permanent members of the Security Council, both the US and the UK played a key role in the passing of a ceasefire resolution, although a degree of tension grew over the actual ceasefire line due to policy differences over the Arab-Israeli wars. Moreover, the nature of UN politics, with five permanent members of the Security Council with veto powers, ensures that these countries will sometimes enter into frank debate over potential UN action and the drafting of resolutions.

From 1949-1967, the UN recognised the 1949 “Armistice Line” as the border of Israel. During the Six Day War, June 1967, Israel captured the Sinai Peninsula (up to the East Bank of the Suez Canal) and the Gaza Strip from Egypt, the Golan Heights from Syria, and parts of Jerusalem and the West Bank from Jordan – the 1967 borders. On 22 November 1967, the UN passed Resolution 242, which proposed the establishment of peace through negotiation in exchange for an Israeli withdrawal to the 1949 Armistice Line. Up to 6 October 1973, Israel and the Arab states were stationed on the 1967 border. During the first three days of the Yom Kippur War Syria and Egypt both crossed the 1967 ceasefire lines. But thereafter Israel repelled the Arab forces.<sup>135</sup>

An Anglo-American divide developed immediately. On 6 October 1973, Kissinger informed Cromer that the US wanted a ceasefire, in which each side returned to the 1967 ceasefire line.<sup>136</sup> However, this included an Egyptian and Syrian withdrawal from land, such as the Golan Heights and the Sinai Peninsula, captured by Israel in the 1967 war, which the UK government believed belonged to the Arab states anyway. Thus, the UK were only prepared to accept a ceasefire *in situ* – meaning in each side’s current position, allowing Egypt and Syria to retain their land – or a ceasefire on the basis of the Armistice Line, under UN Resolution 242. Cromer reported back to London that “Kissinger did not take this well” and that the UK position would in “effect be giving its blessing to aggression and land-grabbing”.<sup>137</sup> The US and the UK failed to reach an agreement and so no ceasefire resolution passed in the first week of the war.

On 13 October 1973 Kissinger sought to push again for a ceasefire agreement at the UN, by which point Israel had nearly re-established the 1967 borders. Kissinger now supported either a return to the 1967 line or a ceasefire *in situ*. Douglas-Home had opened a communication link with the Egyptian President Sadat, who said that he would only accept a ceasefire *in situ* on the basis that Israel returned to the Armistice Line. Kissinger opposed this

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<sup>134</sup> Memo; Lord Balniel (FCO Minister of State) to Heath and Ian Gilmour (Secretary of State for Defence); “Arms Sales to the Middle East”; 29 October 1973; PREM 15/1766; NAUK.

<sup>135</sup> M.E. Yapp, The Near East Since the First World War (London: Longman, 1991), 421-422. UN Resolution 338 (22 October 1973). UN Resolution 339 (24 October 1973).

<sup>136</sup> Telecon; Kissinger to Cromer; 6 October 1973; Box 22, File 7; Kissinger Telecons: Chronological Files; NPM; NPL.

<sup>137</sup> Telegram; Cromer to FCO; “Arab-Israeli”; 6 October 1973; FCO 93/254; NAUK.

position, and urged the British to push the Egyptians.<sup>138</sup> Sadat told the British that “he would invoke a Chinese veto” if the US went ahead with the ceasefire *in situ*, and thus the UK also refused to support a resolution.<sup>139</sup> Kissinger expressed displeasure to Cromer, claiming that Nixon was “taking it extremely ill”, and that the US had started a major arms airlift to Israel.<sup>140</sup> Cromer warned that the Arab countries will “start screaming oil at you” – revealing the UK’s primary preoccupation. Cromer informed the FCO of Kissinger’s “bullying tactics”.<sup>141</sup> The next day, Kissinger told Nixon that “the British basic attitude is lousy....they are just passively sitting there picking up the pieces, they are not shaping anything” and that the British do not want “to run any risks” with the Arab countries. But Nixon thought that only “Brezhnev and Nixon will settle this damn thing”.<sup>142</sup> Despite these immediate problems Kissinger still sent for Cromer to come to the State Department for a secret intelligence report that could not be read over the phone.<sup>143</sup> Eventually, Egypt and Israel accepted a ceasefire *in situ*, under a US-Soviet proposed UN Resolution (338) on 22 October.<sup>144</sup>

On 6 November 1973, the governments of the EC released a joint statement on the Middle East crisis, calling for the implementation of UN Resolution 242 (1967), which marked a step in the direction of European political cooperation, although this hardly conflicted with US policy since UN Resolution 338 called for the implementation of UN Resolution 242 – which the US had originally voted for in 1967.<sup>145</sup>

Anglo-American difficulties also emerged over a US military alert, due to inefficient Whitehall crisis management. During the war Israel had seized the Sinai Desert, encircling the Egyptian Third Army, stranded on the East Bank of the Suez Canal. Brezhnev sent a message to the Nixon administration on 24 October in the evening, threatening to take “appropriate steps unilaterally” to support Egypt, which Kissinger interpreted as sending Russian troops into the Sinai.<sup>146</sup> In response, Kissinger convened a meeting of the Washington Special Actions Group (WSAG) – the administration’s crisis management team – at 10.30 p.m. in the White House

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<sup>138</sup> Telecon; Kissinger to Douglas-Home; 13 October 1973, 9.38 a.m.; Box 23, File 1; Kissinger Telecon: Chronological Files; NPM; NPL.

<sup>139</sup> Telecon; Kissinger to Douglas-Home; 13 October 1973, 3.35 p.m.; Box 23, File 1; Kissinger Telecon: Chronological Files; NPM; NPL.

<sup>140</sup> Telecon; Kissinger to Cromer; 13 October 1973, 4.35 p.m.; Box 23, File1; Kissinger Telecon: Chronological Files; NPM; NPL.

<sup>141</sup> Memo; Cromer to FCO; “The Middle East and US-UK Relations”; 9 January 1974; FCO 82/304; NAUK.

<sup>142</sup> Telecon; Kissinger to Nixon; 14 October 1973; Box 23, File 2; Kissinger Telecon: Chronological Files; NPM; NPL.

<sup>143</sup> Telecon; Kissinger to Cromer; 13 October 1973, 5.25 p.m.; Box 23, File1; Kissinger Telecon: Chronological Files; NPM; NPL.

<sup>144</sup> Yapp, The Near East, 421-422. The ceasefire under UN Resolution 338 broke down almost immediately. A ceasefire was re-established under UN Resolution 339 (24 October 1973).

<sup>145</sup> “Declaration of the Nine Foreign Ministers of 6 November 1973, in Brussels, on the Situation in the Middle East”; Centre Virtuel de la Connaissance sur l’Europe (CVCE) [online]: <http://www.cvce.eu>

<sup>146</sup> Letter; Brezhnev to Nixon; ND; Department of State, Foreign Relations of the United States (FRUS) 1969-1976, Vol. 25: Arab-Israeli Crisis and War, 1973 (Washington: USGPO, 2001), 734-735, Document 267.

Situation Room.<sup>147</sup> Kissinger and the White House Chief of Staff Alexander Haig decided not to wake Nixon.<sup>148</sup> During the meeting the US went to “DEFCON III” – increasing US force readiness for war, and sending a nuclear carrier into the Eastern Mediterranean. The WSAG alerted the US carriers (*John F. Kennedy* and *Franklin Delano Roosevelt*) and the 82<sup>nd</sup> Airborne Division at approximately 12.20 a.m.<sup>149</sup> Kissinger telephoned Cromer from the White House Situation Room at 1.03 a.m. (6.03 a.m. GMT) on 25 October, just after the alert officially went into force, saying that “we feel that the only chance we now have...is defence readiness around the world...We are going to what they call our Def Con three alert”. He asked for the UK’s “very strong support” and “don’t say the Americans have gone crazy”.<sup>150</sup> Cromer telephoned the FCO at 6.20 a.m., with a telegram sent to the FCO and 10 Downing Street at 6.55 a.m., while the Minister of Defence received notification at approximately 8.35 a.m., and therefore the US had sought to inform the UK over the military alert upgrade.<sup>151</sup>

Due to a major Whitehall blunder, nobody informed Heath or Douglas-Home, who both found out about the military alert while in the House of Commons on the morning of 25 October, as the news “appeared on the tape”.<sup>152</sup> This allowed the Labour Party to embarrass the government in parliament over their apparent lack of information.<sup>153</sup> The next day the Guardian newspaper ran the headline: “Britain in Dark on Nuclear Alert”.<sup>154</sup>

Heath wrote a furious note to his Private Secretary Lord Bridges and the Cabinet Secretary John Hunt, demanding to know why he was not informed earlier and that he viewed the alert as an over-reaction. Furthermore, Heath, unaware that Nixon took no part in the decision, complained that the Watergate scandal may have affected Nixon’s judgement:

I fail to see how any initiative, threatened or real, by the Soviet leadership required such a worldwide nuclear alert...the American action has done immense harm...we must not underestimate the impact on the rest of the world; an American president in the Watergate position apparently prepared to go to such lengths at a moment’s notice without consultation with his allies...without any justification in the military situation.<sup>155</sup>

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<sup>147</sup> For more information on the WSAG, established in May 1969, see Asaf Siniver, Nixon, Kissinger, and US Foreign Policy Making: The Machinery of Crisis (Cambridge: Cambridge University Press, 2008).

<sup>148</sup> Telecon, Kissinger to Haig; 24 October 1973; Box 23, File 5; Kissinger Telecon: Chronological Files; NPM; NPL. Meeting attended by 7 officials – Kissinger, Haig, James Schlesinger (Secretary of Defence), William Colby (CIA Director), Thomas Moorer (Chairman of the JCS), Brent Scowcroft (Kissinger’s Deputy), Jonathan Howe (NSC Staff Member).

<sup>149</sup> Memo; “NSC/JCS Meeting, Wednesday/Thursday, 24/25 October 1973, 22.30-03.30”; 26 October 1973; Department of State, FRUS, Vol. 25, 737-742, Document 269.

<sup>150</sup> Telecon; Kissinger to Cromer; 25 October 1973; Box 23, File 6; Kissinger Telecon: Chronological Files; NPM; NPL.

<sup>151</sup> Memo; Sir Howard Smith (Cabinet Office) to Lord Bridges (Heath’s Private Secretary, Foreign Affairs); “The American Alert of 25 October 1973”; 29 October 1973; PREM 15/1382; NAUK. Memo; Heath to Lord Bridges; 28 October 1973; PREM 15/1382; NAUK.

<sup>153</sup> 861 H.C. Deb. 1478-1479, 25 October 1973.

<sup>154</sup> “Britain in Dark on Nuclear Alert”, Guardian, 26 October 1973, 2.

<sup>155</sup> Memo; Heath to Lord Bridges; 28 October 1973; PREM 15/1382; NAUK.

Heath also expressed shock that the US would have been able to use their forces and bases in the UK without consulting the British. A subsequent investigation pointed out to Heath that in fact the US had informed the UK government, via Lord Cromer, and thus there appeared to have been a Whitehall defect in passing on the information. Moreover, “there is no specific American undertaking to inform or consult the Alliance before a purely American alert....we were not put in the firing line since the alert was a low level one”. If a case developed in which the US wanted to use forces and bases in the UK, then “they would have consulted us”.<sup>156</sup> Heath responded that in the future “Ministers must be informed at once”.<sup>157</sup>

Another area of Anglo-American contention developed over the use of UK military facilities, usually an area of close cooperation between the US and the UK. During the 14-15 October, the US re-supply operation for Israel continued at a fast pace, which led to press questions regarding the UK’s role. An FCO spokesman said that “the Americans had not asked for use of their facilities in Britain for re-supplying Israel” and “that no re-supply had taken place”. The US Embassy in London apparently passed this information to the State Department and, according to Cromer, “no doubt correctly” judged that the UK government “would prefer not to be asked to allow use of these facilities”. Kissinger viewed this as a “lack of cooperation”.<sup>158</sup> Indeed, the Heath government in 1970 had already formally requested that the US stop all reconnaissance flights over Egypt from the UK’s base in Akrotiri, Cyprus because of the “increased risks to our own interest...in the Middle East”, thus indicating the UK’s reluctance, over a period of time, to be directly involved.<sup>159</sup> In any case, throughout November and December 1973, the UK supplied over 17,000 tons of fuel to the US navy at UK bases in Singapore and in the Indian Ocean, so a small degree of cooperation did take place.<sup>160</sup>

On 22 November 1973 Kissinger gave a press conference, saying that “the allies who had been consulted most about US policy in the Middle East turned out to be the least cooperative” – viewed in Whitehall as a dig at the UK.<sup>161</sup> A large amount of Anglo-American communication and intelligence sharing took place during the war. But the US and UK approached the Middle East from different perspectives, which created conflict and misunderstanding.

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<sup>156</sup> Memo; Sir Howard Smith to Lord Bridges; “The American Alert of 25 October 1973”; 29 October 1973; PREM 15/1382; NAUK.

<sup>157</sup> Memo; John Hunt to Heath; 19 December 1973; PREM 15/1382; NAUK. Heath comment handwritten on memo, dated 22 December 1973.

<sup>158</sup> Memo; Cromer to FCO; “The Middle East and US-UK Relations”; 9 January 1974; FCO 82/304; NAUK.

<sup>159</sup> Memo; “Arab-Israeli Dispute - U2s in Cyprus: Brief by the Foreign and Commonwealth Office”; 11 December 1970; CAB 133/398; NAUK.

<sup>160</sup> Memo; Sir John A. Thomson (FCO Assistant Under-Secretary of State, Defence/International Security Affairs); “Fuel for the US Navy”; 13 December 1973; FCO 46/962.

<sup>161</sup> Telegram; Cromer to FCO; 30 November 1973; PREM 15/1989; NAUK.

## Conclusion

This chapter has discussed the fine details of early Anglo-American relations between Heath and Nixon which has brought a new aspect to the historical topic. Immediately, US-UK consultations displayed the UK dilemma in maintaining close Anglo-American relations while negotiating entry into the EC. This revolved around the Anglo-American perception that the UK must not appear as an Atlantic 'Trojan horse' in order to gain French support for British membership. The US intentionally adopted a 'hands-off' approach while Heath avoided the use of the term 'special' when referring to Anglo-American relations. At the same time, the Heath government sought to bolster the Nixon administration's support for the political enlargement and integration of Western Europe by actually expressing a desire to promote an Atlantic-friendly EC.

A major Anglo-American divide existed on the question of Chinese representation at the UN. While the UK sought to consult with the US administration on China, the US succeeded in delaying the UK's negotiations with China on the establishment of full diplomatic links. Meanwhile, the Nixon-Kissinger China initiative hardened the Chinese position with Britain and caused a communications problem in Anglo-American relations. But ultimately the US and UK shared the same policy on improving relations with China, and therefore it did not cause a substantial rift. This episode showed that the UK sought close Anglo-American cooperation despite seeking to join the EC, and therefore the alliance was still very important. The problems over China policy were unrelated to the UK's move towards Europe, but connected to the nature of policy making in the US administration and Nixon's focus on Cold War triangular diplomacy.

The Year of Europe and the Yom Kippur War created a tense period in Anglo-American relations, between April and December 1973. Major differences emerged on the substance of Middle East policy due to conflicting interests, which has been a long standing issue in Anglo-American and US-European relations. But this episode, along with the Year of Europe, also reveal the continuation of close Anglo-American consultation, and a genuine desire to balance relations between the EC and the US-UK alliance. It does not mark the Europeanisation of British foreign policy and a rupture in US support for European integration. Soon after the Year of Europe failure the US administration approved the upgrade of the UK's nuclear deterrent, in January 1974. Therefore, a unique link remained between Britain and the US despite these specific political episodes.

*Chapter 4:*

**Anglo-American Economic Relations:  
Part I – Trade and the EC Enlargement (1969-1974)**

This chapter investigates Anglo-American trade relations in the context of the EC enlargement negotiations. It argues that the EC came to dominate Anglo-American trade relations as a result of the British accession, and thus an alteration took place. However, the trade problems that arose in the UK's negotiations to join the EC were actually overridden by the strong political and defence collaboration in Anglo-American relations. Furthermore, this did not mark a fundamental transformation in the Anglo-American partnership, as argued by some historians.<sup>1</sup>

As part of the UK application to join the EC, the Heath government adopted policies that directly affected the composition and volume of trade amongst the EC, the UK, and the US, and thus major Anglo-American negotiations took place to deal with the changes. Firstly, the UK introduced agricultural levies, a system based on the Common Agricultural Policy, which the US had long opposed as a barrier to free trade. Secondly, the UK sought to establish bilateral and multilateral trading agreements between the Commonwealth and the EC as a component of the Treaty of Accession, in order to protect traditional trading markets and dependent economies, which discriminated against US exporters. Meanwhile, in the US, a protectionist movement grew on the domestic scene, from Congressional leaders and unions to big business, in reaction to monetary difficulties and EC trade policies, which threatened international trade relations. Serious and tough negotiations took place between ministers and officials, which caused tension in the Anglo-American relationship.

Of the growing material written on Britain's application to join the EC under Heath, and on Nixon's foreign and economic policy, rarely does it consider the specific Anglo-American trade aspects of the EC enlargement, such as on the issues of agricultural levies, Commonwealth association, and Congressional protectionist legislation, and therefore this chapter contributes towards the historical debate on US-EC and Anglo-American relations under Heath and Nixon.<sup>2</sup>

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<sup>1</sup> For example: Ovendale, Anglo-American Relations, 133. Geir Lundestad, "Empire" by Integration, 99-107.

<sup>2</sup> For discussion of these issues during the first EC application under Macmillan see N. Piers Ludlow, "British Agriculture and the Brussels Negotiations: A Problem of Trust", in Britain's Failure, ed., Wilkes, 108-119. Ludlow, Dealing with Britain, 169-199. Stuart Ward, "Anglo-Commonwealth Relations and EEC Membership: the Problem of the Old Dominions", in Britain's Failure, ed., Wilkes, 93-107.

## US-UK-EC Trade Issues

Trade policy formed a key aspect of the US-EC relationship, which in turn affected Anglo-American relations during Britain's negotiations to join the EC. There were developing trade tensions between the EC and the US, and outstanding trade policy issues under the General Agreement on Tariffs and Trade (GATT), an international agreement and forum which sought to establish a world free trade system.<sup>3</sup> GATT provided a base for trade negotiations in order to support international economic stability and cooperation. The original agreement included important rules and principles for general commercial policy. For example, the most well-known principle was the "General Most-Favoured-Nation Treatment" in article 1, clause 1 of GATT, which said that "any advantage...granted by any contracting party to any product originating in or destined for any country shall be accorded immediately and unconditionally to...all other contracting parties".<sup>4</sup> In other words, it sought to stop all discrimination or preferences in world trade. Prior to the Nixon-Heath years there had been six major multilateral tariff cutting negotiations, with the results of the Kennedy Round (1964-1967) coming into effect from 1968-1972 during the period under discussion.<sup>5</sup>

The passage of the Trade Expansion Act in the US Congress in 1962 opened the way for the Kennedy Round, which gave the US president authority to negotiate tariff reductions of 50% across the board. The act specifically mentioned trade problems between the US and the EC.<sup>6</sup> The Kennedy Round was a major step in bringing down tariff barriers, with an average reduction of 35% of tariffs. But major trade issues between the US and EC remained unresolved.<sup>7</sup> The wide and deep cuts in tariffs in the Kennedy Round resulted in revealing the problems with non-tariff barriers (NTBs) in world trade. Common forms of NTBs were quotas, export subsidies, embargoes, border taxes, government procurement policies ("buy national"), all of which affected the volume and composition of trade. NTBs hindered free trade and

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<sup>3</sup> On GATT see Francine McKenzie, "GATT and the Cold War: Accession Debates, Institutional Development, and the Western Alliance, 1947-1959", *Journal of Cold War Studies*, Vol. 10, No. 3, 2008, 78-109. Lawrence Krause, "European Economic Integration and the United States", *The American Economic Review*, Vol. 53, No. 2, 1963, 185-196.

<sup>4</sup> The General Agreement on Tariffs and Trade, 1 January 1948, World Trade Organisation [online]: [http://www.wto.org/english/docs\\_e/legal\\_e/legal\\_e.htm#GATT94](http://www.wto.org/english/docs_e/legal_e/legal_e.htm#GATT94)  
GATT evolved into the World Trade Organisation in 1994. It was created by a treaty signed in Geneva in 1948 as part of the Bretton Woods System.

<sup>5</sup> Caroline Miles, "After the Kennedy Round", *International Affairs*, Vol. 44, No. 1, 1968, 16. The other rounds were: the Geneva Round (1947); the Annecy Round (1949); the Torquay Round (1950-51); the Geneva II Round (1960-61); the Dillon Round (1964-67).

<sup>6</sup> Memo; "United States Trade Expansion Act 1962"; GATT Working Party on Procedures for Tariff Reduction; 19 March 1963; GATT Digital Library 1947-1994 [online]: <http://gatt.stanford.edu/page/home>

<sup>7</sup> Memo; "Contribution of the European Economic Community Relating to Negotiations on Agricultural Products in the GATT Trade Negotiations"; GATT; 3 August 1964; GATT Digital Library 1947-1994 [online]: <http://gatt.stanford.edu/page/home>

therefore it became a major issue in international trade relations in the late 1960s and throughout the 1970s.<sup>8</sup>

Agriculture trade policy particularly caused friction between the US, UK and EC. The various structures of farming subsidies, levies, and price fixing (i.e. NTBs) used in the participating countries, as well as domestic concerns and the influence of organised farmer unions, prevented a major solution to agricultural trade barriers in the Kennedy Round. US agricultural producers had issues with subsidised European farmers, under the EC Common Agricultural Policy (CAP), while the EC in turn criticised the US farming support systems.

US farm support programs, largely the product of the Great Depression in the 1930s, sought to manage and protect the US food supply and supplement agricultural incomes. In 1930 25% of the US population resided on farms. Therefore the US Congress and executive took action to protect US agriculture.<sup>9</sup> They introduced three key pieces of legislation, known as the “three permanent laws” of agriculture, which have been updated on a regular basis in the Congress through omnibus, multi-year farming bills, taking into account changing conditions in domestic and international farm markets, budgets, and policy goals.<sup>10</sup> When Nixon entered office in January 1969, the 1965 Food and Agricultural Act was still providing commodity programs for wheat, feed grains, and cotton, which the EC viewed as an unfair trading practice.

The USDA also had discretion to offer farming subsidies to any commodity not dealt with in specific farming bills, which increased the department’s influence in policy making and with farming pressure groups.<sup>11</sup> As discussed in chapter 1, the agricultural sector represented an important constituent for the Nixon presidency during elections, prominent in the “swing”, southern, and heartland states. The USDA had strong communication links with important farming lobbies, such as the National Farmers Union. As well as being used for electoral purposes, the subsidies sought to increase farm exports, encourage domestic consumption, and for purchasing farm surpluses, a type of NTB.<sup>12</sup>

The other major issue in US trade policy that caused international friction, the American Selling Price (ASP), allowed the president to calculate import duties on the basis of US prices

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<sup>8</sup> Robert Pastor, Congress and the Politics of US Foreign Economic Policy 1929-1976 (Berkeley: University of California, 1980), 119-120.

<sup>9</sup> US Bureau of the Census, Statistical Abstract of the United States: 1971, 92<sup>nd</sup> Edition (Washington D.C.: USGPO, 1971), 571-573. In 1930, there were 6.5 million farms where over 30 million people resided. By 1970 this has shifted to 10 million people (5% of the population). Also see Geoffrey Becker, “Farm Commodity Legislation: Chronology, 1933-2002”, Congressional Research Service, Order Code 96-900, 31 May 2002.

<sup>10</sup> Agricultural Adjustment Act, Public Law 75-430, 75<sup>th</sup> Congress, House Resolution 8505, 16 February 1938. Commodity Credit Corporation Charter Act, Public Law 80-806, 80<sup>th</sup> Congress, Senate Resolution 1322, 29 June 1948. Agricultural Act, Public Law 81-439, 81<sup>st</sup> Congress, House Resolution 5345, 31 October 1949. Full text available at The National Agricultural Law Centre: US Farm Bills [online]: <http://www.nationalaglawcenter.org/farmbills>

<sup>11</sup> Authorisation came from Section 32 of the 1935 Agricultural Adjustment Act Amendment (P.L. 74-320), which permanently appropriated 30% of annual US customs receipts to the USDA.

<sup>12</sup> Melissa Ho & Geoffrey Becker, “Farm and Food Support Under USDA’s Section 32 Program”, Congressional Research Service, Order Code RL34081, 12 January 2010.

for certain goods rather than the foreign good. By equalising the difference between home and foreign production, it acted as an NTB and a breach of GATT principles.<sup>13</sup> Kennedy, and then Johnson, sought to deal with the ASP problem during the Kennedy Round, and committed the US to its repeal, but the Congress rejected the negotiated GATT package because authority had not been granted in the 1962 Trade Expansion Act. Johnson attempted to repeal the ASP again in the 1968 Trade Expansion Act, but Congress removed the clause, added some new trade restrictions, and thus Johnson vetoed the bill.<sup>14</sup> On Nixon's entry into the White House, the ASP remained a long-standing problem in US-EC and international trade relations, as well as a sticking point in US executive-legislative policy making.

The CAP, the major EC system of agricultural subsidies that caused international tension, came into force in 1962, and guaranteed a minimum price to EC producers. Tariffs were placed on specific goods imported into the EC, thereby bringing the world market price up to the EC target price. If EC prices fell below the 'intervention' level, then the EC would buy up goods to increase the price. Direct subsidies were also paid to farmers growing certain crops. The policy sought to have a stable internal market and Community preferences, and was a central component of the new common market. However, this system had an effect on third countries, altering the composition of trade, and therefore it was an NTB. The CAP system caused a fall in the importation of US agricultural goods into the EC and provided EC farmers with an advantage over US farmers in world markets, and thus a major US-EC trade issue.

Another outstanding trade issue in US-EC relations were EC special bilateral trading preferences with former colonies. EC trade relations with their former colonies were governed during this period by the Yaoundé Convention (1964-1969) and Yaoundé II (1971-1975) which included 18 African independent countries.<sup>15</sup> Previously, the EC had made trade provisions for overseas territories and former colonies in the original 1957 Treaty of Rome (Part IV). The most serious US objection, with the most potential to cause a breakdown in relations with the EC and the UK, were 'reverse preferences' or reciprocal discrimination, which the EC demanded its developing associates should grant EC exporters in their markets. This put US exporters at a disadvantage to EC exporters.<sup>16</sup> This problem would be increased with the prospect of special trading agreements between the EC and the Commonwealth territories, as part of Britain's EC negotiation strategy, which would quadruple the number of territories receiving preferential

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<sup>13</sup> Memo; "The Arbitrary or Excessive Valuation for Customs Purposes: Note by the Japanese Delegation"; GATT Sub-Committee on Non-Tariff Barriers; 15 July 1964; GATT Digital Library 1947-1994 [online]: <http://gatt.stanford.edu/page/home>  
The ASP originated in the Fordney-McCumber Tariff of 1922.

<sup>14</sup> Pastor, *Congress*, 120-121.  
<sup>15</sup> Yaoundé Convention ; 20 July 1963; European Navigator [online]:  
[http://www.ena.lu/yaounde\\_convention\\_20\\_july\\_1963-2-5778](http://www.ena.lu/yaounde_convention_20_july_1963-2-5778)

<sup>16</sup> Memo; "Summary of the Results of the Kennedy Round for Developing Countries"; GATT Committee on Trade and Development: Ad Hoc Group on Assessment of Kennedy Round Results; 19 October 1967; GATT Digital Library 1947-1994 [online]:  
<http://gatt.stanford.edu/page/home>

agreements. This became a major issue in Anglo-American trade relations during the EC enlargement negotiations.

### The Development of the Nixon Administration's Trade Policy 1969-1970

Nixon's foreign economic trade policy, a fundamental component of the US-EC relationship, sought to promote a free trade system and a move away from protectionism. However, Nixon faced tough pressure from special interests groups, particularly from key economic sectors in the southern states which had elected Nixon. Furthermore, the Democratic Party controlled Congress, during a period of increased executive-legislative tension, wanted to introduce compulsory trade limits against specific international industries to safeguard the US economy. This domestic debate led to members of Congress and the economic federal departments and agencies to question the expansion of the EC and resulted in a major executive review of US policy towards the UK accession negotiations.

The US balance of payment problems (as discussed in chapter 2) contributed towards Congressional, pressure group, and federal government support for protectionism.<sup>17</sup> The growing deficit undermined the reserve role of the dollar in the international monetary system, which weakened the US domestic and international economic position, thus leading to this domestic debate on EC and Japanese trading practices.

The NSC launched an early investigation into US trade policy, on 5 February 1969. Its terms of reference were to look at "overall US trade policy", and discuss the "need for new legislation", in consultation with the economic departments.<sup>18</sup> Shortly afterwards, Nixon publicly indicated the administration's general support for a free trade system. But he also argued for limited protection of certain industries, displaying the domestic tensions over trade policy. In his second press conference on 6 February 1969, Nixon stated that he would combat the growing Congressional feeling towards protectionism, arguing for "freer trade" and noting that he took "a dim view of this tendency to move toward quotas".<sup>19</sup> However, Nixon also told the press that he believed that the textile industry was a special case and that he would seek voluntary import quotas, an election pledge as part of his "southern strategy" (see chapter 1). While Congress wanted mandatory controls, Nixon would seek import limits through bilateral negotiations with trading allies, which would safeguard the southern state economies from Japanese and EC competitors. These voluntary restraints did not violate GATT commitments and they could easily be removed in changing market circumstances. This was in contrast to legislative import quotas, which were contrary to GATT regulations and were rigid NTBs.

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<sup>17</sup> Study; "NSSM 16: US Trade Policy"; 7 April 1969; Box H-135; NSC Institutional Files: Study Memo: NSSM; NPM; NPL. In 1970 the overall liquidity balance of payments was minus \$30 billion. See United Nations, World Economic Survey, 38 & 44-49.

<sup>18</sup> Memo; "NSSM 16: US Trade Policy"; 5 February 1969; Box H-135; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>19</sup> Johnson, ed., The Nixon Presidential, 17.

Some major US newspapers noted and criticised Nixon's "campaign debt to the South", arguing that "the cost of honouring that regional debt is much too high", even though the Democratic Party candidate Hubert Humphrey had also promised trade quotas at the election.<sup>20</sup> The Johnson administration had managed to negotiate voluntary import restraints with Japan (by January 1969) for the steel industry, an important sector of the economy and thus a precedent for such economic safeguards. The Nixon administration claimed that 100,000 jobs a year were at risk in the US cotton industry as imports of synthetic fibres continued to grow.<sup>21</sup> Nixon's support for protecting the textile industry indicated its importance to the US economy, Nixon's political election strategy, and the power of the textile industry in Washington. This free trade-protectionism dilemma displayed the early domestic debate on foreign economic policy.

During the formation of Nixon's trade bill and after, the administration encountered strong demands from special interest groups. However, the overriding principles of the administration were free trade and political support for western allies, despite economic pressures. The NFU emphasised the importance of improving the "relatively low income of farm families". They wanted a balance to be found, arguing that "what we must have is neither this Victorian free market internationalism nor monumental national isolationism" and thus the NFU called for trade negotiations, the continuation of domestic farm support programs, and the abolition of the ASP.<sup>22</sup> The US Chamber of Commerce, a major business federation, praised Nixon's commitment to expansionist trade policy. But they worried about the "potential effects of UK entry into the Common Market" and the "absence of concerted initiatives in the United States to protect its trade interests". The Chamber called on Nixon to fully investigate EC policies and UK entry, and that European unity should be on the basis of "open and liberal trade relations".<sup>23</sup> The National Council of Farmer Cooperatives (NCFC), a powerful body representing farming groups, also prompted Nixon to negotiate voluntary import quotas, in "the best interest of the US".<sup>24</sup> Nixon ordered the administration to "take greater cognizance of the problems of US businessmen". At the very least, they should be "convinced" that their "interests are adequately represented". However, "ultimately they may have to be overridden by

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<sup>20</sup> "Towards Free Trade", Washington Post, 13 February 1969, A20. "The High Cost of Protectionism", New York Times, 7 February 1969, 36. Also see the front page article, "Nixon is opposed to import quotas; Sees freer trade as goal of nation", New York Times, 7 February 1969, 1.

<sup>21</sup> Pastor, Congress, 181 & Maurice Stans, One of the Presidents' Men: Twenty Years with Eisenhower and Nixon (London: Brasseys, 1995), 153. 2.5 million people were employed in the cotton industry, far more than the 500,000 in steel manufacturing.

<sup>22</sup> Statement; Tony Dechant (President of the NFU); "Statement of the NFU on the Trade Act of 1969"; 16 June 1970; Box 5220; General Correspondence: Foreign Relations 1970; RG 16; NARA II.

<sup>23</sup> Letter; Arch Booth (Executive Vice-President of US Chamber of Commerce) to Nixon; "Recommendations of the Chamber of Commerce of the United States on US-EC Relations"; 3 August 1970; Box 5219; General Correspondence: Foreign Relations 1970; RG 16; NARA II.

<sup>24</sup> Letter, Kenneth Naden (Executive Vice President of NCFC) to Nixon; 5 June 1970; Box 5220; General Correspondence: Foreign Relations 1970; RG 16; NARA II.

foreign policy considerations”.<sup>25</sup> Therefore, pressure group opinion would not override the overall objectives of free trade and support for the Western alliance.

The ad hoc group reported in April 1969, arguing for executive legislation that sought to promote an international free trade system, a continuation of US post-war trade policy. The “modest” legislation should indicate to “domestic and foreign audiences” the “Administration’s tone in trade policy”, rather than seeking radical executive power for another international trade round, which would cause executive-legislative tension. Moreover, on relations with the EC the report concluded that the “trade picture is clouded” by differences on agriculture. This study also thought that a free trade policy increased international cooperation, which bolstered the US “political role of world leadership”.<sup>26</sup>

However, the group report also warned Nixon that protectionism and Congressional trade policy could lead to an Atlantic trade war. It pointed out that these “pressures could lead to widespread restrictions here, retaliation abroad, and a downward spiral in world trade”.<sup>27</sup> Kissinger particularly drew attention to this point, writing to Nixon in preparation for the NSC meeting on this report, that the growing protectionist measures in Congress and abroad “raise the spectre of a possible trade war between major allies” and that “the spill over from the trade field” could “damage our over-all foreign policy”.<sup>28</sup> At the NSC meeting on 9 April 1969 Nixon reiterated his support for free trade and sought to adopt the recommendations of the report.<sup>29</sup>

This policy review displayed the general liberal trade sentiments within the administration and accepted the use of limited NTBs in order to safeguard the domestic economy. But it also indicated the short term US domestic conflict over trade policy and its clash with international relations, and that the administration and federal government departments believed that the international trade system required a long term readjustment, without harming their political alliances.

#### The “Mills Bill” / Congressional Trade Policy and Anglo-American Relations 1969-1971

While the Nixon Administration sought to push for greater trade liberalisation through new legislation, it encountered opposition from Congress who wanted to implement strong protectionist measures. The executive-Congressional confrontation resulted in legislative ping-pong and four years of deadlock before the passing of the Trade Act of 1974, which in turn caused tension in Anglo-American economic relations

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<sup>25</sup> Memo; Kissinger to Nixon; “Actions Resulting from the NSC Meeting on Trade, April 9, 1969”; 10 April 1969; Box H-021; NSC Institutional Files: Meeting Files: NSC; NPM; NPL.

<sup>26</sup> Study; “NSSM 16: US Trade Policy”; 7 April 1969; Box H-135; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>27</sup> Ibid.

<sup>28</sup> Memo; Kissinger to Nixon; “NSC Meeting: Analytical Summary and Issues for Decision”; 9 April 1969; Box H-021; NSC Institutional Files: Meeting Files: NSC; NPM; NPL.

<sup>29</sup> Memo; Kissinger to Nixon; “Actions Resulting from the NSC Meeting on Trade, April 9, 1969”; 10 April 1969; Box H-021; NSC Institutional Files: Meeting Files: NSC; NPM; NPL.

Nixon submitted his trade legislation to Congress on 18 November 1969, which accepted the principle of free trade, but displayed a mix of liberalising and protectionist measures. The bill (H.R. 14870) based its provisions on the trends of increased economic interdependence and competition, a reduced US trade surplus, and the continuing economic trade problems of the LDCs. On the free trade front, Nixon sought authority to make “modest” reductions in US tariffs up until 30 June 1973. It requested the repeal of the ASP because “its removal will bring reciprocal reductions in foreign tariffs” and that it will “unlock the door to new negotiations”. On the protectionist side, the bill requested greater authority to support domestic industries and to negotiate voluntary import restraints, especially for textiles.<sup>30</sup>

Just like trade policy under Kennedy and Johnson, the Congress altered Nixon’s trade bill and failed to pass legislation, which resulted in continual institutional and foreign conflict over trade policy, from 1969 to 1974. Nixon’s trade bill went straight to the Ways and Means Committee in the House of Representatives, a key committee, with responsibility for taxation, tariffs, and other revenue-raising legislation. From 1958 to 1974 the committee was often referred to as the “Mills Committee” after its chairman Wilbur Mills (D-Ark), a powerful member of Congress.<sup>31</sup> Twenty of the twenty-five members of the committee had introduced quota legislation, along with nearly 300 other members, from 1969-1971. The committee were already dealing with fifty-nine bills on steel imports, forty-seven on textile imports, forty on milk and dairy products, and twenty-four on footwear. Mills himself had introduced a bill on 13 April 1970 (with 184 co-sponsors) seeking to impose import quotas.<sup>32</sup> Nixon’s trade bill collided with a mass of trade legislation which resulted in major alternations.

Hearings opened on the various trade and tariff proposals, including Nixon’s trade bill, on 11 May 1970, with testimony from 377 witnesses, including members of the administration, and business and union leaders, reporting on 11 August 1970 with a new bill, which became known as the “Mills Bill”, or the Trade Act of 1970.<sup>33</sup> The committee maintained the repeal of the ASP, initially a major achievement for the administration, as it formed a central aspect of the original trade bill and because of the problems that Kennedy and Johnson had in seeking its removal. However, the bill set import quotas, limiting future imports to 1967-68 levels, which thus posed a threat to liberal trade policies.

The Mills Bill and congressional protectionism caused concern in London, which became an issue in Anglo-American relations during Britain’s application to join the EC. Heath

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<sup>30</sup> Speech; Nixon; “Special Message to Congress on United States Trade Policy; 18 November 1969; The American Presidency Project [online]: <http://www.presidency.ucsb.edu/ws/index.php?pid=2325>

<sup>31</sup> Donald Kennon & Rebecca Rogers, The Committee on Ways and Means: A Bicentennial History 1789-1989 (Washington D.C.: Government Printing Office, 1989), 319-338. The Democrats had 15 seats to 10 held by the Republicans on the committee.

<sup>32</sup> Pastor, Congress, 125. (H.R. 16920).

<sup>33</sup> Memo; Clarence Palmby (Assistant Secretary for International Affairs and Commodity Programs, USDA) to Hardin (US Secretary of Agriculture); “Trade Bill Hearings”; 11 June 1970; Box 5219; General Correspondence: Foreign Relations 1970; RG 16; NARA II. (H.R. 18970).

and Nixon met at Chequers on 3 October 1970, just as the Mills Bill was going through the House of Representatives. The UK Board of Trade briefed Heath in late September on the “protectionist trend in the USA” which created the “prospect of a trade war”.<sup>34</sup> The FCO also warned Heath of the negative consequences “for world trade if the Mills Bill becomes law”.<sup>35</sup> Then a couple days before the Chequers summit the Board of Trade pushed the point further that “you should put the case against this legislation as strongly as you can” to Nixon.<sup>36</sup> Kissinger briefed Nixon that he must “reiterate opposition” to congressional protectionism at the meeting with Heath in order to maintain good US-UK economic relations.<sup>37</sup>

However, Heath and Nixon largely discussed areas of Anglo-American cooperation in Cold War international affairs.<sup>38</sup> In an off the record conversation Nixon told Heath that he understood the implications of the Congressional trade policy and that “he might find himself having to use the veto”.<sup>39</sup> Rogers also told Douglas-Home at their meeting that Nixon would veto the bill in its current form.<sup>40</sup> This indicated that the US sought to reassure the UK of their commitment to liberal trade policies, while Anglo-American problems were mainly left aside at Chequers in October 1970.

The Nixon Administration’s initial victory in maintaining the repeal of the ASP after the hearings of the Ways and Means Committee was short lived; the House of Representatives removed the repeal clause, and passed the bill by 205-165 on 19 November 1970.<sup>41</sup> Publically the administration said that it had “deep reservations” about the provisions in the Mills Bill which were “contrary to the interests of the nation as a whole”, although Nixon did not state whether he would use the veto.<sup>42</sup> Privately Nixon said that he found it “distasteful” and Kissinger said that “we don’t like the language a bit”, passing it off as a protectionist bill, one which the executive would veto.<sup>43</sup> The bill went to the Senate Finance Committee on 11 December 1970, one week before Heath’s arrival in Washington D.C. for major bilateral discussions with Nixon.

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<sup>34</sup> Memo; “Trade Policy and Protectionism: Brief by the Board of Trade”; 23 September 1970; FCO 7/1813; NAUK. The Board of Trade merged into the Department of Trade and Industry on 20 October 1970.

<sup>35</sup> Memo; “Steering Brief: Brief by the FCO”; 1 October 1970; FCO 7/1813; NAUK.

<sup>36</sup> Letter; Michael Noble (President of the Board of Trade) to Heath; 1 October 1970; FCO 7/1812; NAUK.

<sup>37</sup> Memo; Kissinger to Nixon; “Your Visit to England, Saturday, October 3, 1970”; No Date (ND); Box 470; NSC President’s Trip Files, October 1970; NPM; NPL.

<sup>38</sup> Minutes; “Record of Meeting held at Chequers”; 3 October 1970, 11.40 a.m.; PREM 15/714; NAUK.

<sup>39</sup> Telegram; Douglas-Home to Washington Embassy; Telegram No. 2262; 8 October 1970; FCO 7/1814; NAUK.

<sup>40</sup> Minutes; “Record of Meeting held at Chequers”; 3 October 1970, 11.40 a.m.; PREM 15/714; NAUK.

<sup>41</sup> Pastor, Congress, 125-128.

<sup>42</sup> Directive; White House; “Administration’s Position on the Trade Bill”; 9 October 1970; Box 5220; General Correspondence: Foreign Relations 1970; RG 16; NARA II.

<sup>43</sup> Telecon; Kissinger to Bryce Harlow (Advisor to the President); 14 November 1970; Box 7, File 6; Kissinger Telecons: Chronological File; NPM; NPL.

At the Anglo-American summit in Washington and Camp David in December 1970 Nixon switched tactics and sought to use the Mills Bill to push for UK trade concessions as a part of their application to join the EC, which added pressure to the economic relationship. Nixon had noted the possibility of using the Congressional move towards protectionism as a bargaining chip with allies in economic affairs back in April 1969.<sup>44</sup> Later, in November 1970, Nixon told Kissinger that the Mills Bill would “have a useful bargaining purpose” with other countries, and so the Mills Bill “in some respects...might be useful to have”.<sup>45</sup> This tactic would be important in bilateral negotiations with the UK and EC.

The first topic discussed between Heath and Nixon at the White House on 17 December was European integration and the US-EC-UK trade dispute. Both sides were fully briefed on the trade issue, with Kissinger noting as a key objective the need to minimise “potential friction over economic issues” but not to “acquiesce” in the British economic proposals to make an early switch over to the CAP.<sup>46</sup> Nixon told Heath that he could not predict whether the Mills Bill would succeed in the Senate and that “I can’t be caught killing it, because of the textile people”. Nixon also supported the textile quotas in the bill because of the administration’s failure to negotiate voluntary restraints with Japan and other countries in the Far East and Europe throughout 1969-1970.<sup>47</sup> Nixon told Heath that the next move in trade liberalisation needed to be made by the EC and the UK because “we have gone as far down the road as we can go”. Heath assured Nixon that the UK would “exert all our influence” as a member of the EC to moderate protectionist tendencies, but Nixon warned that the impression had grown that the UK was moving towards protectionism which made the US government’s domestic political difficulties “virtually insurmountable”.<sup>48</sup> This indicated an intensification of tactics since the Chequers meetings, in which the US demanded that the UK take their economic interests into account, which put pressure on the Anglo-American trade relationship during Britain’s application to join the EC.

The 1970 Mills Bill was not acted upon before the adjournment of Congress in January 1971 and was re-introduced later as the Trade Act of 1971 for further debate and amendment, which resulted in the continuation of a free trade-protectionist dispute on the US domestic scene which spread into foreign economic affairs, until the passage of major trade legislation in late 1974.<sup>49</sup> Thus, Nixon’s trade bill faced legislative, institutional, policy, and international conflict.

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<sup>44</sup> Memo; Kissinger to Nixon; “Actions Resulting from the NSC Meeting on Trade, April 9, 1969”; 10 April 1969; Box H-021; NSC Institutional Files: Meeting Files: NSC; NPM; NPL.

<sup>45</sup> Telecon; Kissinger to Harlow; 14 November 1970; Box 7, File 6; Kissinger Telecons: Chronological File; NPM; NPL.

<sup>46</sup> Memo; Kissinger to Nixon; “The Visit of Prime Minister Heath, December 17-18”; December 1970; Box 942; NSC VIP Visits: UK Visit of PM Heath; NPM; NPL.

<sup>47</sup> Maurice Stans conducted the negotiations. Stans, *One of the Presidents’ Men*, 152-167.

<sup>48</sup> Minutes; “Record of a Meeting between the Prime Minister and President Nixon at the White House”; 17 December 1970, 10.30 a.m.; PREM 15/161; NAUK.

<sup>49</sup> Yale Law Journal, “The Trade Act of 1971: A Fundamental Change in United States Foreign Trade Policy”, *The Yale Law Journal*, Vol. 80, No. 7, 1971, 1418-1419.

By the time Nixon and Heath next met in December 1971 in Bermuda the debate had shifted in reaction to Nixon's NEP and the international monetary crisis.

A further measure taken by Nixon to develop US trade policy and economic relations with the UK and the EC was the establishment of the Presidential Commission on International Trade and Investment Policy, appointed on 21 May 1971. Nixon's difficulty in passing a trade act through Congress and the divisions in the administration contributed towards its establishment, as a means of building consensus amongst the domestic opinion makers. Nixon wanted the commission to "have a strong staff and a prominent chairman" and to look at "the entire range of trade and production relationships".<sup>50</sup> The creation of a "blue-ribbon commission" had been recommended in the original review on trade policy. It became known as the "Williams Commission" after its chairman Albert Williams (President of IBM, 1961-1966). It took testimony from hundreds of industry experts, and from members of Congress and the Nixon administration.<sup>51</sup>

The commission report, United States International Economic Policy in an Interdependent World, submitted to the president in July 1971, proposed a major new round of multilateral trade talks, with the view to removing "all barriers to international trade and capital movements within 25 years", and was hence an internationalist, free trade document.<sup>52</sup> Nixon praised the Williams Commission's work in his third annual report to Congress on US foreign policy in February 1972, and ordered his Assistant for International Economic Affairs, Peter Peterson, to develop legislation through the Council of International Economic Policy (created in February 1971), which became the basis of Nixon's Trade Act of 1974.<sup>53</sup> This led to the Tokyo Round of GATT negotiations (1973-79). Therefore, this commission played a key part in the development of overall US trade and EC policy. However, it also displayed the tensions in the administration and Congress and from pressure groups over the expansion of the EC, which influenced bilateral relations with the UK and the US-EC relationship.

#### UK Agricultural Levies and Anglo-American Relations 1970-1971

The Heath government's general economic policy sought to promote free markets, trade, and competition, and to reform and revitalise British industry. The government wanted a

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<sup>50</sup> Memo; Kissinger to Nixon; "Actions Resulting from the NSC Meeting on Trade, April 9, 1969"; 10 April 1969; Box H-021; NSC Institutional Files: Meeting Files: NSC; NPM; NPL.

<sup>51</sup> It was composed of 27 people, mainly businessmen, but also some academics and two labour union leaders, Iorwith Abel (President of the United Steel Workers, 1968-1977) and Floyd Smith (President of the International Association of Machinists and Aerospace Workers, 1969-1973). See Pastor, Congress, 130.

<sup>52</sup> Commission on International Trade and Investment Policy, The United States International Economic Policy in an Interdependent World (Washington D.C.: Government Printing Office, 1971), 10. The two union leaders submitted an appended minority dissent arguing for protectionist measures.

<sup>53</sup> Report; Nixon; "Third Annual Report to Congress on United States Foreign Policy"; 9 February 1972; The American Presidency Project [online]: <http://www.presidency.ucsb.edu/ws/index.php?pid=3736&st=&st1=>

reduction in public expenditure, including the removal of direct subsidies for UK farmers to a system of general import levies on agricultural goods which would guarantee farmer's incomes.

But this policy involved the expansion of non-tariff barriers (NTBs), and thus had international implications. Britain had obligations under GATT to allow duty-free entry of certain products from some countries, such as wheat from the US. This brought Anglo-American economic relations into the US-EC agricultural trade war. Major negotiations took place between Heath and Nixon to resolve the dispute. Members of the US administration questioned the assumption that Britain might have a liberalising influence on the EC as a member, in the face of strong pressure from farming interests and the Congress to defend US agriculture from EC protectionist policies and to protect their overall balance of payments position.

Domestically, Heath also faced pressure from the parliament and unions on the switch in agricultural support, because of the prospect of a rising cost of living. Moreover, the UK government feared that the UK might appear as an Atlantic 'Trojan horse' in the eyes of EC members if trade concessions were made to the US, and thus Anglo-American tensions grew in the economic trade field. But ultimately, the political and defence importance of Anglo-American relations and the political unity of Western Europe took priority over the developing Atlantic trade friction, and thus strong bilateral relations continued.

The UK government argued that they wanted to introduce agricultural import levies as a means to reduce public expenditure, improve production efficiency and protect UK farming from overseas dumping, and thus the levies were a key part of their overall economic policy. Heath established the Ministerial Committee on Agricultural Policy on entering government to push forward and review the government's intention to replace the agricultural support system, which displayed his determination to fulfil a policy pledge made in opposition.<sup>54</sup> The 1970 election manifesto A Better Tomorrow had argued that "this fundamental change will provide much needed scope for agricultural expansion" and that it would save the Exchequer £250 million a year which would be used for tax cuts and improved welfare payments.<sup>55</sup> The committee opted for a system of general variable levies, in which the government would set a minimum import price (or target price). A levy would be charged on all imports equivalent to the difference between the target price and the offering price. It thus functioned in the same way as the CAP, protecting the domestic agricultural sector from international competitors, as well

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<sup>54</sup> Memo; "Composition and Terms of Reference"; CAB 134/2606 AG (70) 1, Ministerial Committee on Agricultural Policy; 03 August 1970; NAUK. Chaired by Williams Whitelaw (Lord President of the Council and Leader of the House of Commons, 20 June 1970 – 7 April 1972). The committee also included the CDL Geoffrey Rippon, the President of the Board of Trade Michael Noble (20 June 1970 – 15 October 1970) and then John Davies (15 October 1970 – 5 November 1972), and the Minister of Agriculture, Fisheries and Food James Prior (20 June 1970 – 5 November 1972).

<sup>55</sup> Conservative Central Office, A Better Tomorrow.

as reducing farmers' dependence on direct government subsidies.<sup>56</sup> The actual mechanism of minimum import prices had already been introduced by the 1964 Wilson government to fight off low priced offers of grain in the UK market. This worked on a country by country basis, and because it had such a low level, very few products were levied and only intermittently. The Heath government's plan involved sharp increases in the price levels, and thus most agricultural commodities would be levied on a continual basis.

The government attached the change in agricultural support to their overall package on public expenditure and taxation, announced to the House of Commons on 27 October 1970 by Chancellor of the Exchequer Anthony Barber, who stated that "our objective is to lessen government interference and reduce government subsidies".<sup>57</sup> He argued that at the start of the 1964 Labour government the public sector accounted for 44% of GDP. By 1969 this had risen to 50%, and thus the government needed to bring public expenditure down. On agricultural support he told the house that he wanted to "reduce the cost to the taxpayer" and that the savings "could be substantial".<sup>58</sup> However, the initial report by the agricultural committee concluded that actual savings for 1972-1973 would be around £55-75 million and then £150 million by 1974/75, based on the highest price range of levies. Moreover, the balance of payments benefits would be no more than £30 million and the official committee thought that the plans "are not expected to stimulate domestic production".<sup>59</sup> Nevertheless ministers were committed to their undertakings, made both before and after the general election.<sup>60</sup>

Furthermore, the Heath government also viewed this policy as a transitional move towards the EC system of agricultural support, and thus an important step in the EC negotiations.<sup>61</sup> Initially, the government's tactic for negotiating the introduction of the levies with their overseas suppliers focussed on their general economic policy, arguing that "it was our intention to change over to such a system whether or not we joined the EEC" as a new "means of agricultural support".<sup>62</sup> But under pressure from the US to revise their plans following the public announcement to introduce levies in October 1970, ministers stated that a reversal would be "inconsistent with our aim of moving towards EEC mechanisms".<sup>63</sup> Moreover, the

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<sup>56</sup> Minutes; CAB 134/2606 AG (70) 1<sup>st</sup> meeting, Ministerial Committee on Agricultural Policy; 23 September 1970; NAUK.

<sup>57</sup> 805 H.C. Deb. 38, 27 October 1970.

<sup>58</sup> 805 H.C. Deb. 41, 27 October 1970.

<sup>59</sup> Memo; "Changes in Agricultural Support Arrangements: Report by the Official Committee on Agricultural Policy"; CAB 134/2606 AG (70) 2, Ministerial Committee on Agricultural Policy; 18 September 1970; NAUK.

<sup>60</sup> Speech; "Queen's Speech on the Opening of Parliament"; 2 July 1970; PREM 15/147; NAUK.  
<sup>61</sup> Heath, *The Conservative Goal*, 20.

<sup>62</sup> Memo; "Changes in Agricultural Support Arrangements: Report by the Official Committee on Agricultural Policy"; CAB 134/2606 AG (70) 2, Ministerial Committee on Agricultural Policy; 18 September 1970; NAUK.

<sup>63</sup> Memo; "Discussions with the United States on Cereals: Note by the Minister of Agriculture, Fisheries, and Food"; CAB 134/2606 AG (70) 6, Ministerial Committee on Agricultural Policy; 11 December 1970; NAUK.

government's plans "had been favourably received from the Community".<sup>64</sup> The government also feared that a reversal would display to the EC members "a lack of determination to adjust to community policies", as well as "evidence of our readiness to respond to American pressure".<sup>65</sup> This indicated the UK dilemma of pursuing Anglo-American economic trade negotiations whilst seeking to join the EC.

While parliament, public opinion, and some trade unions were concerned with the rising cost of living, this did not alter the government's policy and the passing of legislation. The government were prepared to accept higher agricultural price levels as a result of these changes and for joining the EC. In the July 1971 White Paper The United Kingdom and the European Communities, the government said that adopting the CAP would "raise food prices in the United Kingdom and the cost of our food imports", but it would also "stimulate British farm output" and in the long term the standard of living would increase.<sup>66</sup> The Shadow Chancellor of the Exchequer, Roy Jenkins, responding to the government's economic package on 27 October 1970 in the Commons, claimed that it failed to deal with prices and that it "is inflationary, regressive" and full of "petty dogmatism and short-sighted materialism".<sup>67</sup> However, the change in the agricultural support system was overshadowed by other aspect of the programme, such as tax cuts.<sup>68</sup> Some trade unions also showed concern about rising retail food prices. The Economic Committee of the Trade Union Congress (TUC) told Rippon that "the TUC's primary concern was the cost of living. We were faced with an increase in food prices...This could have an effect on wages".<sup>69</sup> These unions closely aligned themselves with the Labour Party, which opposed the terms of entry negotiated by the Conservatives in an attempt to force a general election. But the government signalled that they were willing to take a political and economic short term hit in order to gain membership of the EC, their top priority.

Moreover, the government had the support of the National Farmers Union (NFU), an important electoral constituency for the Conservatives. The President of the NFU Henry Plumb noted "with especial satisfaction" Rippon's remarks on the "prospective increase in agricultural prices and expansion of British agriculture, whether or not Britain joined the EC".<sup>70</sup> He also criticised the popular debate on the EC negotiations which "always centred on food costs",

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<sup>64</sup> Minutes; CAB 134/2606 AG (70) 3<sup>rd</sup> meeting, Ministerial Committee on Agricultural Policy; 14 December 1970; NAUK.

<sup>65</sup> Memo; "Interim Agricultural Import Levies: Note by the Secretaries"; CAB 134/3363 AG (71) 6, Ministerial Committee on Agricultural Policy; 25 January 1971; NAUK.

<sup>66</sup> 'The United Kingdom and the European Communities', Cmnd. 4715, July 1971.

<sup>67</sup> 805 H.C. Deb. 54-55, 27 October 1970.

<sup>68</sup> 805 H.C. Deb. 43, 27 October 1970.

<sup>69</sup> Minutes; "Record of Meeting at the Foreign & Commonwealth Office Between the Chancellor of the Duchy of Lancaster and the Economic Committee of the TUC"; 27 January 1971; CAB 164/965; NAUK.

<sup>70</sup> Minutes; "Record of Meeting Between the Chancellor of the Duchy of Lancaster and Representatives of the NFU: Foreign & Commonwealth Office"; 5 February 1971; CAB 164/965; NAUK.

whereas agricultural production “received less publicity and attention”.<sup>71</sup> This view fitted into the Conservatives’ economic policy of improving conditions for the agricultural, manufacturing, and business communities.

The public perception on the effects of Britain joining the EC also focussed on rising costs. The Social and Community Planning Research’s extensive 1971 survey into the British public’s views on the EC indicated a clear cut view amongst the public, with 81% subscribing to the view that prices would rise, higher than any other anticipated effect of EC membership.<sup>72</sup> Gallup polls consistently showed the same trend on the perceived effects of Britain joining the EC.<sup>73</sup> This made Heath’s job in gaining public approval more difficult (as discussed in chapter 1), as well as adding public backing to the Labour Party and TUC opposition to agricultural levies and the EC terms of entry, but this domestic pressure did not alter the government’s policy on agricultural reform.

The introduction of agricultural levies would be a breach of the UK’s international commitments under the GATT and the Five Party Agreement, and thus the Heath government’s policy created an Anglo-American trade dispute. When Wilson introduced minimum import price in 1964 he assured the UK’s main agricultural suppliers (Argentina, Australia, Canada, and the US) that their shares in the UK market would be safeguarded in return for suspending their rights under GATT tariff bindings. This continued at the end of the Kennedy Round of GATT under the Five Party Agreement (1 July 1968 to 30 June 1971). Heath’s change to the agricultural system required him to renegotiate these terms. Furthermore, if agreement was not reached by 1 July 1971, then the GATT trade bindings came back into effect and the UK would have to compensate those countries with a principal supplying interest.<sup>74</sup> By 1969/1970 the US, the biggest supplier of cereals (wheat, barley and maize) to the UK, wanted to protect their farming industry from European NTBs and their overall trade surplus, and therefore the agricultural levy proposals created a clash in Anglo-American economic relations 1970-1971.

The initial Anglo-American trade negotiations revealed tension over the expansion of the EC. US Secretary of State Rogers wrote to Douglas-Home on 4 November 1970, informing him that the UK’s agricultural proposals “have engaged our most serious attention” and “concern”, and that the administration wanted to express “its determination to safeguard its agricultural trade interests by all appropriate means”.<sup>75</sup> Discussions between US and UK officials started immediately in London. Stanley Cleveland, Minister for Economic and Commercial Affairs at the US Embassy in London, said to UK officials and ministers that Washington viewed the move as the last straw in their battle against EC protectionism, such as the CAP and border taxes. Moreover, the proposals undermined Britain’s “free trade

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<sup>71</sup> Ibid.

<sup>72</sup> Hedges & Jowell, *Britain and the E.E.C.*, 31.

<sup>73</sup> Gallup Poll, *British Attitudes*.

<sup>74</sup> Memo; “Interim Agricultural Import Levies: Note by the Attorney General”; CAB 134/3363 AG (71) 7, Ministerial Committee on Agricultural Policy; 26 January 1971; NAUK.

<sup>75</sup> Letter; Rogers to Douglas-Home; 4 November 1970; CAB 164/970; NAUK.

tradition”.<sup>76</sup> The US threatened to intervene in the EC negotiations by seeking to have their trade interests taken into account.<sup>77</sup> However, UK officials highlighted the inconsistency in the US opposing the UK bilaterally and through the GATT, while continuing to suspend their trade rights with regards to the CAP amongst the EC countries, and therefore a deal should be worked out along those lines.<sup>78</sup> Officials pencilled in the issue for discussion between Heath and Nixon at the Washington summit in December 1970, with the aim of resolving the trade dispute before the 1 July 1971 deadline.

On the US domestic political front, the administration faced a problem with the Congressional protectionist movement and pressure from farming interests. A few months before Heath’s announcement on agricultural levies, the powerful National Council of Farmer Cooperatives (NCFC), which represented many key farming groups, expressed concern with US trade policy on the EC enlargement. While the NCFC supported Nixon’s policy of trade liberalisation, they told him that the CAP threatened “US agricultural interests” and that the EC’s NTBs would be “expanded because of the possible entry of the United Kingdom into the EC”. Therefore they argued that the CAP needed to be reformed before a “decision is reached on the question of UK entry”.<sup>79</sup> This pressure filtered through to the agencies. The USDA frequently argued the case of the farming lobbies, complaining to Nixon and the NSC that “our grain trade is constantly threatened under the EC system of...import levies”.<sup>80</sup> In February 1971, an internal Treasury study pointed out that EC trade policies were creating “protectionist sentiments on the hill”.<sup>81</sup> The Treasury reported to Nixon in March 1971 that “our farmers feel their economic interests are not being protected adequately”, and thus politically the administration needed to take a strong position against the UK’s agricultural levies.<sup>82</sup>

An internal State Department memorandum in October 1970 noted the “excitement generated by the British proposals” within the USDA and in “US grain trade circles”.<sup>83</sup> The Secretary of State Rogers warned Nixon about the “concern of our corn and wheat producers

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<sup>76</sup> Minutes; “Records of Meeting Held in the FCO on 5 & 6 November 1970: Agricultural Levy Schemes: Cereals”; CAB 164/970; NAUK.

<sup>77</sup> Note; John Robinson (Special Assistant to Sir Con O’Neill); “Meeting with Mr. Cleveland”; 20 November 1970; FCO 30/583; NAUK.

<sup>78</sup> Memo; Sir William Nield ((Second Permanent Cabinet Secretary) to Rippon; 26 November 1970; CAB 164/970; NAUK.

<sup>79</sup> Letter, Kenneth Naden (Executive Vice President of NCFC) to Nixon; 5 June 1970; Box 5220; General Correspondence: Foreign Relations 1970; RG 16; NARA II.

<sup>80</sup> Memo; Hardin to Kissinger; “EEC Agriculture and US Trade”; 13 February 1969; Box 5020; General Correspondence: Foreign Relations 1969; RG 16; NARA II. Memo; Kissinger to Nixon; “Your Meeting on UK Agricultural Policy”; 16 February 1971; Box 9 (CO160); WHSF: Confidential Files: Subject: Countries; NPM; NPL.

<sup>81</sup> Study; Treasury Department; “UK Shift to Variable Levy on Grains”; February 1971; Box 3; Under Secretary: Country Files: UK; General Records of the Department of the Treasury, Record Group 56 (RG 56); NARA II.

<sup>82</sup> Memo; Connally to Nixon; 5 March 1971; Box 3; Under Secretary: Country Files: UK; RG 56; NARA II.

<sup>83</sup> Memo; Abraham Katz (OECD & EEC Director, State Department) to Martin Hillenbrand (Assistant Secretary of State for European Affairs); “UK Proposals on Agricultural Imports”; 30 October 1970; Box 1; European Affairs: Political-Economic Affairs; RG 59; NARA II.

and traders” and the possibility that US negotiations with the UK could be seen as a “failure on the part of the Administration to protect our trade interests”.<sup>84</sup> Kissinger also advised Nixon that the administration needed to consider the “justified pressure from our agricultural community for a strong US position”.<sup>85</sup> Therefore, the views of farming pressure groups received serious attention amongst the federal government departments and ministers.

At the first ministerial Anglo-American discussions between Rippon and Hardin in London on 14 December 1970, the US took a hard line in opposing the UK measures. Rippon offered the US a “package” which modified the agricultural levy proposals. Instead of increasing the minimum import prices to £7 per ton above current levels, they would be limited to £5 per ton for 1971, and to no more than £7 per ton for 1972. The US would also preserve their rights under GATT tariff bindings on cereal. Hardin expressed disappointment and associated the UK move with EC policies, telling Rippon that “every single action of the Community constituted another attack against US agriculture”. Rippon insisted that “our proposals are not protectionist” and that it “fitted in well with our EEC negotiations”.<sup>86</sup> Hardin’s counter-offer wanted the maintenance of minimum import prices at no more than £2 for 1971 and £3 for 1972. UK officials viewed the US position as “weak” because under the GATT Kennedy Round, they had already accepted the higher CAP prices. Thus the UK saw no reason to reverse their position.<sup>87</sup> The failure to reach an agreement left the issue unresolved before the upcoming Heath-Nixon summit.

The UK Ministerial Committee on Agricultural Policy later concluded that Hardin’s counter-offer was “narrow, rigid, and unacceptable”, as well as “wholly unrealistic”.<sup>88</sup> Sir Con O’Neill, who led the British Official Delegation at the EC negotiations, described the situation as “an awkward deadlock”.<sup>89</sup> The State Department reported back to the White House that “the proposals given to Secretary Hardin do not overcome our original serious concerns...the UK proposals would have to be improved considerably”.<sup>90</sup> Hardin returned to Washington on 15 December 1970 and told Kissinger that “we have had stern talks”.<sup>91</sup> He then

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<sup>84</sup> Memo; Rogers to Nixon; “US-UK Agricultural Trade Talks”; 24 November 1970; Box 9 (CO160); WHSF: Confidential Files: Subject: Countries; NPM; NPL.

<sup>85</sup> Memo; Kissinger to Nixon; “US Policy towards New UK Agricultural Measures”; 27 November 1970; Box 9 (CO160); WHSF: Confidential Files: Subject: Countries; NPM; NPL.

<sup>86</sup> Minutes; “Record of Meeting between the Chancellor of the Duchy of Lancaster and the US Secretary for Agriculture, Foreign and Commonwealth Office”; 14 December 1970; 4.00 p.m.; CAB 164/970; NAUK.

<sup>87</sup> Memo; Nield to Sir Burke Trend (Cabinet Secretary); 14 December 1970; CAB 164/970; NAUK.

<sup>88</sup> Memo; “Interim Agricultural Import Levies: Note by the Secretaries”; CAB 134/3363 AG (71) 8, Ministerial Committee on Agricultural Policy; 10 February 1971; NAUK.

<sup>89</sup> O’Neill, *Britain’s Entry*, 300.

<sup>90</sup> Memo; Theodore L. Eliot Jr. (Executive Secretary, Department of State) to Kissinger; “Revised British Agricultural Proposals”; 15 December 1970; Box 80 (CO160); WHCF: Subject Files: Countries; NPM; NPL. The Executive Secretary coordinated work within the State Department and acted as liaison between State and the White House.

<sup>91</sup> Telcon; Hardin to Kissinger; 15 December 1970; Box 8, File 2; Kissinger Telecons: Chronological File; NPM; NPL.

briefed Nixon that “Heath probably will press hard for our acquiescence now” and that Nixon should “avoid making any commitment to the United Kingdom” while negotiations on the agricultural levies were ongoing, which Kissinger supported.<sup>92</sup> The Cabinet Office briefed Heath that he should seek to gain Nixon’s agreement in principle for a settlement, so as to avoid a dispute through the GATT. Moreover, Heath needed to remind Nixon that if Britain joined the EC, “we shall be a liberalising influence in agricultural and trade matters”.<sup>93</sup>

At the 17 December 1970 meeting in Washington D.C. Nixon and Heath failed to settle the agricultural issue but agreed to continue with negotiations. Nixon told Heath that the political pressure from Congress and the protectionists would be “seriously aggravated” by the “agricultural lobby, apprehending the creation of new barriers to United States agricultural exports”. Moreover Nixon warned that it seemed that “the United Kingdom was moving towards agricultural protectionism as part of the approach to Europe”. Heath robustly replied that the UK’s policy had been “misrepresented as a move toward protectionism”, but that it was merely transferring the cost of support from the Exchequer to the consumer as well as helping in the EC negotiations. Heath said that once the UK gained membership of the EC “we should exert all our influence in favour of moderating the protectionist tendencies of the EEC” and “seek to moderate the EEC prices”.<sup>94</sup> As discussed above, Nixon decided to use the threat of the Mills Bill at this meeting to push for UK concessions on agricultural levies, while Heath assured the US government that there would continue to be a “natural” Anglo-American relationship when Britain entered the EC, despite economic trade difficulties, and that they would seek liberal trade policies as a member.

On the US domestic scene, both the pressure from Congress and the farming groups started to cause a policy disagreement within the US administration, over the need to preserve US economic interests without threatening the political Anglo-American relationship. All the relevant agencies – the USDA, State Department, the Treasury, and the NSC – agreed that the UK-proposed measures would only have a small short-term economic effect on US exports, but that the US needed to preserve their trading rights. Furthermore, the agencies agreed that the wider issue and real problem involved the expansion of the EC and its effect on the US-EC trade friction. However, the USDA and the Treasury wanted to take a strong line with the UK. The USDA sought to oppose Britain’s unilateral action, either forcing a reversal in UK policy or seeking compensation through GATT, while the US still had legal rights. After accession, it would become a wider US-EC trade issue and thus harder to protect US agriculture. This policy

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<sup>92</sup> Memo; Hardin to Nixon; 16 December 1970; Box 942; NSC VIP Visits: UK Visit of PM Heath, Dec 1970; NPM; NPL. Memo; Kissinger to Nixon; “The Visit of Prime Minister Heath, December 17-18”; December 1970; Box 942; NSC VIP Visits: UK Visit of PM Heath; NPM; NAPL.

<sup>93</sup> Paper; “Agricultural Interim Import Levies: Additional Brief by the Cabinet Office”; 15 December 1970; CAB 133/398; NAUK.

<sup>94</sup> Minutes; “Record of a Meeting between the Prime Minister and President Nixon at the White House”; 17 December 1970, 10.30 a.m.; PREM 15/161; NAUK.

choice would harm political and economic Anglo-American relations, but would fully satisfy US farming interests.<sup>95</sup> The Treasury agreed with the USDA. Connally wrote to Nixon, calling on the US to “exercise our full international rights” as a bargaining chip with the UK and, moreover, “if forced, seek retaliation”.<sup>96</sup> However, State wanted to continue to negotiate with the UK to seek an improved level of minimum import levies in order “to defend our important trade interests and maintain the support of our agricultural sector without jeopardising the UK’s chances of entry into the Common Market”.<sup>97</sup> This tactic would avoid a confrontation with the UK. A divide thus developed between the need to preserve US trading rights and to avoid harming the UK’s negotiations to join the EC and the Anglo-American political alliance.

While the federal government departments maintained their positions throughout the US-UK trade negotiating period (from November 1970 to March 1971), the decision on US strategy went to the NSC and White House, because of the “President’s broader interest in good relations with the Heath Government”.<sup>98</sup> Kissinger argued that the US needed to protect US trade by negotiating with the UK over the level of minimum import prices, maximising value for the US. He described the USDA position as “extremely tough”, which would “inject us directly into the EC-UK negotiations, embittering our relations with both”.<sup>99</sup> If the administration took a stronger stance, as proposed by the USDA and the Treasury, it “could create significant difficulties for Heath and raise doubts about our support for UK entry”.<sup>100</sup> Thus Kissinger supported the State Department, and Nixon approved. Hence, the administration developed a policy which aimed to preserve US commercial rights, maintain strong relations with Heath, and avoid having a negative influence on the EC enlargement negotiations.

Meanwhile, the robust Anglo-American negotiations on agriculture and Hardin’s strong bargaining led to a minor policy disagreement within the UK government. The Minister of Agriculture, Fisheries and Food (MAFF) James Prior called for a reversal of British policy on agricultural levies “in the interests of the Americans” despite “our aim of moving towards EEC mechanism”.<sup>101</sup> Furthermore, he argued that the UK should stick to its current agricultural support system until Britain signed the Treaty of Accession. This would avoid an Anglo-

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<sup>95</sup> Memo; Kissinger to Nixon; “Your Meeting on UK Agricultural Policy”; 16 February 1971; Box 9 (CO160); WHSF: Confidential Files: Subject: Countries; NPM; NPL.

<sup>96</sup> Memo; Connally to Nixon; 5 March 1971; Box 3; Under Secretary: Country Files: UK; RG 56; NARA II.

<sup>97</sup> Memo; Rogers to Nixon; “US-UK Agricultural Trade Talks”; 24 November 1970; Box 9 (CO160); WHSF: Confidential Files: Subject: Countries; NPM; NPL.

<sup>98</sup> Memo; Fred Bergsten (NSC Assistant for International Affairs) to Kissinger; “US Policy Toward New UK Agricultural Measures”; 25 November 1970; Box 9 (CO160); WHSF: Confidential Files: Subject: Countries; NPM; NPL.

<sup>99</sup> Memo; Kissinger to Nixon; “US Policy towards New UK Agricultural Measures”; 27 November 1970; Box 9 (CO160); WHSF: Confidential Files: Subject: Countries; NPM; NPL.

<sup>100</sup> Memo; Kissinger to Nixon; “Your Meeting on UK Agricultural Policy”; 16 February 1971; Box 9 (CO160); WHSF: Confidential Files: Subject: Countries; NPM; NPL.

<sup>101</sup> Memo; “Discussions with United States on Cereals: Note by the Minister of Agriculture, Fisheries, and Food”; CAB 134/2606 AG (70) 6, Ministerial Committee on Agricultural Policy; 11 December 1970; NAUK.

American conflict. Nield warned the committee chairman Whitelaw that “if we retreat...as the Minister of Agriculture proposes, the Community will see us retreating from their system under American pressure”, and therefore potentially harm the EC application.<sup>102</sup> The Minister of Trade Michael Noble argued against Prior’s position, saying that the government should take steps to unbind the UK’s tariff commitments at GATT, which “would seriously embarrass the United States Administration in their efforts to contain domestic protectionist pressures”.<sup>103</sup> Noble, Whitelaw, and Nield all believed that the US had an overall weak bargaining position because Nixon would not want to threaten the political Anglo-American relationship, nor the EC enlargement negotiations, over agricultural levies. The committee concluded that the UK would stick to their policy to switch the agricultural support system.

The final Anglo-American ministerial discussions on agricultural levies in Washington D.C. in March 1971 showed that sections of the US administration remained disappointed and sceptical of the EC enlargement, its long term effects, and future Anglo-American relations. Thus, the UK had been injected into the US-EC trade disputes. Rippon, accompanied by Lord Cromer, the British Ambassador in Washington, met with representatives from the State Department, USDA, Department of Commerce, and White House. He argued that in the long term, as a member of the EC, Britain would seek to reform the CAP and EC trade policies, but gaining membership of the EC remained the priority in the short term. Hardin and Stans expressed strong displeasure with the UK’s policies and move towards the EC, criticising the UK’s timing and lack of regard for US domestic issues. Moreover, Stans expressed his “pessimism about the long term effects of the enlargement”.<sup>104</sup> However, the White House had already decided to work out a compromise. Nixon’s special advisor on international economic affairs Peter Peterson, when meeting Rippon, focussed on the importance of “avoiding...sour relations between the two countries” and that the final negotiations could be concluded with a “carefully thought out public dialogue” that exploited the UK concession for US domestic purposes.<sup>105</sup> Cromer warned that the presentation must not suggest that Britain would be “some kind of stalking horse inside the community”. Rippon said that “it would be better to attack us” than to suggest that Britain would attempt to alter the CAP as a member of the EC.<sup>106</sup> This displayed British anxieties about the perception of Anglo-American relations amongst the EC

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<sup>102</sup> Memo; Nield to Whitelaw; “Note by Minister of Agriculture AG (70) 6: Brief for the Lord President from Sir William Nield”; No Date (ND); CAB 165/967, “Ministerial Committee on Agricultural Policy: Briefs”; NAUK.

<sup>103</sup> Minutes; CAB 134/3363 AG (71) 3<sup>rd</sup> meeting, Ministerial Committee on Agricultural Policy; 11 February 1971; NAUK.

<sup>104</sup> Minutes; “Record of Conversation between the Chancellor of the Duchy of Lancaster and the United States Secretaries of Agriculture and Commerce, Department of Agriculture, Washington”; 8 March 1971, 9.30 a.m.; CAB 164/970; NAUK.

<sup>105</sup> Minutes; “Record of a Talk between the Chancellor of the Duchy of Lancaster and the Assistant to the President of the United States for International Economic Affairs, Executive Office Building, Washington”; 8 March 1971, 2.30 p.m.; CAB 164/970; NAUK.

<sup>106</sup> Ibid.

members, particularly sensitive in early 1971 because of the likelihood of a meeting between Heath and Pompidou to resolve the remaining accession issues.<sup>107</sup>

The final agreement dropped the minimum import price for 1971 to £3.50 per ton (down from £7 per ton). The minimum import price for 1972 would rise to no more than £6 per ton. Nixon's strongly worded statement on the agreement focussed on the "substantial improvements" in the British proposals secured through his negotiations and that the administration would "use all appropriate means to safeguard our very important agricultural trade".<sup>108</sup> The USDA statement outlined the "benefits for US grain trade" obtained in the Anglo-American negotiations.<sup>109</sup> Heath's statement to the House of Commons on 18 March 1971 supported this, praising Nixon for the "importance attached by his government to their cereals" and support for the expansion of world agricultural trade.<sup>110</sup> Thus the Washington and London public presentation of the levies agreement was geared towards indicating that the UK concessions benefited the US farming lobbies. Heath and Nixon exchanged personal letters on the matter. Heath said that he was "delighted" that they had reached an agreement which "accommodated our respective requirements",<sup>111</sup> while Nixon saw it as an episode of how "our Governments will be able to keep in mind our broad commonality of interests" as future problems arose as a result of UK membership of the EC.<sup>112</sup> However, Sir Con O'Neill described the negotiations (in his official report on the EC accession) as "increasingly difficult and acrimonious discussions" and that it "soured the atmosphere of our relations".<sup>113</sup> Under the surface serious tensions existed between sections of the US administration and the UK government over the expansion of the EC and future Anglo-American relations.

#### Commonwealth Association, Sugar, and Anglo-American Trade Relations 1970-1971

A central component of the UK negotiation strategy for joining the EC involved preserving special trading links between Britain and the developing Commonwealth territories, known as Commonwealth association. The British government sought to defend Commonwealth interests in the EC negotiations because of the economic importance of trade to the UK economy and the need to support the developing Commonwealth territories, especially those which were part of the Commonwealth Sugar Agreement, due to run out in 1974. Moreover, the strength of UK domestic support for preserving Commonwealth trade from the Parliament, special interest groups, and public opinion posed a direct threat to the passing of the

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<sup>107</sup> Note; Leslie Fielding (Planning Staff, FCO); "Anglo-French Relations and the EEC: A Quai D'Orsay View"; 2 March 1971; FCO 33/1379; NAUK.

<sup>108</sup> Telegram; Rogers to London Embassy; "US-UK Grains Agreement"; 17 March 1971; Box 80 (CO160); WHCF: Subject Files: Countries; NPM; NPL.

<sup>109</sup> Statement; USDA; "US-UK Grains Negotiations"; 17 March 1971; Box 80 (CO160); WHCF: Subject Files: Countries; NPM; NPL.

<sup>110</sup> 813 H.C. Deb. 397-398, 18 March 1971.

<sup>111</sup> Letter; Heath to Nixon; 16 March 1971; PREM 15/715; NAUK.

<sup>112</sup> Letter; Nixon to Heath; 6 April 1971; PREM 15/715; NAUK.

<sup>113</sup> O'Neill, *Britain's Entry*, 300.

European Communities Bill, and thus the government needed to gain special arrangements for the Commonwealth countries. This illustrated that Britain's traditional trading partners continued to be important to the UK, both politically and economically, and thus did not signal a fundamental re-orientation of British foreign policy as sometimes portrayed in the historiography. However, the creation of a Commonwealth-EC trade system changed international trade relations, between the less developed Asian, Caribbean, and Pacific (ACP) countries and the industrial economies.

An association between the Commonwealth territories and the EC involved 'reverse preferences' – reciprocal discrimination required under the EC's Yaoundé Convention, whereby the EC countries would gain preferences in the markets of the associated territories. This caused concern in the US government, which viewed this as a dangerous obstacle to the development of free trade, especially in the Caribbean, situated on the doorstep of the US.<sup>114</sup> Thus another major trade dispute developed in Anglo-American relations during the EC enlargement negotiations, in which the US officially intervened in an attempt to have its interests taken into account. However, like with the negotiations over the UK's agricultural levies, the importance of Anglo-American political and defence relations, and the Atlantic Alliance, prevented a significant breakdown.

The UK Ministerial Committee on the Approach to Europe (chaired by Douglas-Home) investigated the Commonwealth issue and established the negotiating aims for the Brussels delegation.<sup>115</sup> This turned out to be the most technically and politically complex issue during the entire negotiations because of the diversity of economic and political structures amongst the members of the Commonwealth and the different trade structures between the EC and the UK. The domestic political scene in all the countries and territories directly involved also complicated the issue. Interested parties ranged from the importing and exporting companies, the refineries, the farmers and workers, the unions, the politicians, and wider public opinion.

Legal association to the EC could be negotiated in a number of ways: under Part IV (Articles 131-136) of the Treaty of Rome, which directly dealt with the association of overseas countries and territories; Part VI (Article 227: 4) of the Treaty of Rome, which allowed for the association of European territories (such as Cyprus and Gibraltar); and Part VI (Article 238) of the Treaty of Rome, which permitted special association (which the EC used in such cases as

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<sup>114</sup> Paper; USDA; "The Agricultural Situation of the European Common Market and its Relationship to the Entry of Great Britain into the Market"; 27 August 1969; Box 5019; General Correspondence: Foreign Relations 1969; RG 16; NARA II.

<sup>115</sup> Memo; "Negotiating Aims for the Commonwealth: Note by the Secretaries"; CAB 134/2596 AE (70) 7, Ministerial Committee on the Approach to Europe; 30 June 1970; NAUK.

Spain, Israel, Greece and Turkey).<sup>116</sup> Finally, association could be established through the Yaoundé Convention.

A summary of the results of the EC negotiations for the Commonwealth territories were as follows. Firstly, nine countries of the Commonwealth Preference Area (CPA) were excluded from gaining association to the EC - Canada, Australia, New Zealand, India, Pakistan, Ceylon, Malaysia, Singapore, and Hong Kong. The Common External Tariff would be applied by the UK over a transitional period for these countries (from 1 January 1971). They were excluded because they were either developed countries (Canada, Australia and New Zealand) or their economies were less dependent on the British market (the Asian territories).<sup>117</sup>

Secondly, although New Zealand found itself excluded from EC association for being a developed country, it also had special needs. In 1969, 90% of New Zealand butter and 80% of her cheese were exported to the UK market, which accounted for 16% of New Zealand's export earnings.<sup>118</sup> Therefore serious and complicated negotiations took place between the EC and the UK to safeguard these industries, which resulted in a six year transitional arrangement which guaranteed quantities of New Zealand cheese and butter imports before normal EC arrangements applied.<sup>119</sup> The UK also remained a major importer of New Zealand lamb and wool, but UK government estimates suggested that this would not be affected by the normal EC arrangements for third countries. The New Zealand deal, as well as the transitional arrangements for the excluded developed countries and Asian territories, made no significant impact on Anglo-American trade relations, as they were transitional, designed to normalise trade between the EC and these territories.<sup>120</sup>

Thirdly, all British dependent territories (apart from those in Europe and Hong Kong) were given association status under Part IV of the Treaty of Rome.<sup>121</sup> For the African territories this was a relatively straightforward process because the issue had been discussed during the application to join the EEC under Macmillan in 1961, when it was decided that the

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<sup>116</sup> Treaty Establishing the European Economic Community; 25 March 1957, Rome; European Navigator [online]: [http://www.ena.lu/treaty\\_establishing\\_european\\_economic\\_community\\_rome\\_25\\_march\\_1957-2-10730](http://www.ena.lu/treaty_establishing_european_economic_community_rome_25_march_1957-2-10730)

<sup>117</sup> Minutes; CAB 134/2596 AE (70) 2<sup>nd</sup> Meeting, Ministerial Committee on the Approach to Europe; 6 July 1970; NAUK.

<sup>118</sup> Memo; "Negotiation Aims on New Zealand: Note by the Secretaries"; CAB 134/2596 AE (70) 3, Ministerial Committee on the Approach to Europe; 29 June 1970; NAUK.

<sup>119</sup> 'The United Kingdom and the European Communities', Cmnd. 4715, July 1971.

<sup>120</sup> Minutes; CAB 134/2596 AE (70) 1<sup>st</sup> Meeting, Ministerial Committee on the Approach to Europe; 3 July 1970; NAUK.

<sup>121</sup> This included Bahamas, Bermuda, British Antarctic Territory, British Honduras, British Indian Ocean Territory, British Solomon Island Protectorate, British Virgin Islands, Brunei, Cayman Islands, Central and Southern Line Islands, Falkland Islands and Dependencies, Gilbert and Ellice Islands Colony, Montserrat, New Hebrides (with France), Pitcairn, St. Helena and Dependencies, Seychelles, Turks and Caicos Islands, and the West Indian Associated States. Hong Kong joined the EC's generalised preference scheme on 1 July 1971, not embodied in the UK's Treaty of Accession. Southern Rhodesia was suspended from Commonwealth preference in 1965 following a unilateral declaration of independence (see 270 H.L. Deb. 1098-116, 25 November 1965).

Commonwealth territories with a similar economic structure to the 18 Africa territories already associated to the EC would be offered similar trading relations. Following the failure of the application in January 1963, the Council of Ministers issued a “Declaration of Intent” on 20 July 1963 (at the signing of the first Yaoundé Convention) which upheld that agreement. The EC Commission reaffirmed this again in 1969. Following the opening of the UK negotiations (30 June 1970) the EC rapidly agreed to the association of the developing African Commonwealth countries (on 1 December 1970), and thus an example of how the Heath-led EC negotiations of 1961-1963 benefited the 1970 negotiations. However, the sugar producing British dependent territories had to wait until the EC dealt with the question of the Commonwealth Sugar Agreement separately before they were offered association, as discussed below.<sup>122</sup>

Fourthly, the European territories were offered full association under Part VI (Article 227: 4) of the Treaty of Rome, although the UK negotiated various opt-outs in the Treaty of Accession at the request of the territories.<sup>123</sup> The Channel Islands and Isle of Man joined the EC customs territory - free trade arrangements in industrial and agricultural goods. But they opted out of other EC laws such as the free movement of labour and tax regulations, under Protocol 3 of the Treaty of Accession. Gibraltar decided to opt out of a full association, via Article 28 of the Treaty of Accession, which excluded Value Added Tax (VAT), the CAP and the Common Commercial Policy, thus retaining their free port status. The EC’s rules on the free movement of labour were applied. The UK left out Cyprus and Malta in the negotiations because as independent European countries they could negotiate EC membership or association themselves.

Finally, the independent Commonwealth countries in Africa, the Caribbean, the Indian Ocean and the Pacific would be given the option to associate under the renewed Yaoundé Convention (scheduled for 31 January 1975 – after which it became known as the Lomé Convention) or to negotiate bilateral trade agreements with the EC. After the UK accession (on 1 January 1973) until the renegotiation of Yaoundé, the current trading arrangements between the UK and those Commonwealth countries remained in place.<sup>124</sup>

The major Commonwealth issue in Anglo-American trade relations and the EC centred on the Commonwealth Sugar Agreement (CSA) and the association of the Caribbean countries and territories. Signed on 21 December 1951 for eight years, extended year on year until 1974, Britain provided a market for a set quantity of sugar, at a set price (usually above the market

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<sup>122</sup> O’Neill, *Britain’s Entry*, 109.

<sup>123</sup> *Ibid.*, 224-232.

<sup>124</sup> This included Barbados, Botswana, Fiji, Gambia, Ghana, Guyana, Jamaica, Kenya, Lesotho, Malawi, Mauritius, Nigeria, Sierra Leone, Swaziland, Tanzania, Trinidad and Tobago, Tonga, Uganda, Western Samoa, and Zambia.

price), from Commonwealth territories.<sup>125</sup> This exclusively covered raw sugar, from the stems of cane, grown only in sub-tropical countries, imported into the UK for refining. British colonial sugar cane preferences originated in the mercantilist trade of the seventeenth and eighteenth centuries as Britain steadily expanded its presence in the Caribbean. Between 1703 and 1814, colonial sugar was England's number one import.<sup>126</sup> But preferences for colonial sugar were abandoned in 1854 during a period of increased free trade policies. Meanwhile, a new commercial form of sugar discovered in 1747, taken from the roots of beet grown in northern, temperate countries, created self-sufficiency in Europe for the growing and refining of beet sugar by the twentieth century. By 1913, continental sugar beet accounted for 80% of UK supplies (imported mainly from Germany, Austria, and France).<sup>127</sup> This caused economic ruin in the British Caribbean, with bankrupt West India merchants, abandoned plantations, and high levels of unemployment.<sup>128</sup> UK Commonwealth sugar cane preferences were revived following the First World War, set at the 1932 Commonwealth Conference in Ottawa, due to disruption in supplies and unpredictable prices. The UK then established bulk purchasing of raw cane sugar from the Commonwealth during the Second World War to once again avoid high market prices and supply disruption. This created two sugar markets – Commonwealth raw sugar cane (mainly imported into the UK) and a continental European sugar beet market. Post-1945 decolonisation and colonial reform created the desire to improve the economic and social conditions of the developing territories, as well as maintaining a stable sugar cane market, for both the UK and the sugar exporters. It also kept trade within the sterling area, which helped with the UK's post-war monetary problems. This led to the establishment of the CSA.<sup>129</sup>

Heath's objective to protect key Commonwealth trading links in the UK accession treaty was because of its economic importance, in terms of monetary volume and industrial structure, to both the UK and the Commonwealth. From 1945-1970, Britain's economy underwent a change in trading partners, away from the Commonwealth and East of Suez to Western Europe and the US. This can be accounted for by the vast increase in Britain's manufacturing production, which found a market in the rich developed countries of Europe and the US, as well as an increase in agricultural production, thus reducing the import of foodstuff from the developing Commonwealth countries.<sup>130</sup> As late as 1969, the volume of imports and

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<sup>125</sup> "The Commonwealth Sugar Agreement: Text of 1968"; CAB 170/122; NAUK. The countries included were Australia, Fiji, Mauritius, the West Indies, East Africa, British Honduras, India, Southern Rhodesia (suspended in 1965), and Swaziland.

<sup>126</sup> Vincent Mahler, "Britain, the European Community, and the Developing Commonwealth: Dependence, Interdependence, and the Political Economy of Sugar", International Organization, Vol. 35, No. 3, 1981, 473.

<sup>127</sup> UK Monopolies and Mergers Commission, S & W Berisford Limited and British Sugar Cooperation Limited: A Report on the Proposed Merger (London: HMSO, 1981), 4.

<sup>128</sup> Mahler, "Britain, the European Community", 473-474.

<sup>129</sup> John Southgate, The Commonwealth Sugar Agreement 1951-1974 (London: C. Czarnikow, 1984), 5-11.

<sup>130</sup> Central Office of Information, Britain 1972: An Official Handbook (London: HMSO, 1972), 359-361.

exports between Britain and the Commonwealth continued to be a major aspect of trade for the UK and Commonwealth economies. As table 6 below indicates, both imports and exports to and from the Commonwealth still accounted for over one fifth of all UK trade, despite a major decline from 1951. Preserving these trading links was important to the UK economy and thus a key aspect of the UK's EC application.<sup>131</sup>

**Table 6:**

**British Exports to and Imports: the Commonwealth 1951-1969 (% of total £ million)<sup>132</sup>**

Column A	Column B	Column C	Column D	Column E
	1951	1961	1969	Change in share of total 1951-1969 (%)
<b>Export</b>	50.5%	33%	21.8%	- 56.8%
<b>Import</b>	39.9%	31.5%	23.2%	- 41.7%

Moreover, many of the developing Commonwealth territories were highly economically dependent on the UK market, and thus formed a part of the UK's general aid policies. As table 7 below indicates, the principal Commonwealth producers of sugar were highly dependent, in terms of employment and as a share of exports, on the sugar cane market, most of which operated through the CSA. UK officials divided the territories into four groups of dependence levels. The top group, labelled "virtual monocultures", included Mauritius, Fiji, Barbados, St. Kitts, and British Honduras, all of which (as illustrated in column B of table 7 below) were between 50% to over 90% dependent on sugar in terms of export value. The second group, classified as "heavily dependent", included Guyana, Swaziland, and Jamaica. Officials believed that the possibility of economic diversification in the territories in these two groups remained small and that "the sugar industry may be regarded as a matter of life and death for them".<sup>133</sup> The Ministerial Committee on the Approach to Europe supported this view and noted that "there might be serious unrest" if jobs were not protected.<sup>134</sup> The other territories were only moderately or scarcely dependent on sugar exports (such as India). Heath wanted Commonwealth association with the EC in order to avoid economic, political, and social damage to the principal sugar exporters.

<sup>131</sup> Memo; "Negotiating Aims for the Commonwealth: Note by the Secretaries"; CAB 134/2596 AE (70) 7, Ministerial Committee on the Approach to Europe; 30 June 1970; NAUK.

<sup>132</sup> Central Statistic Office, Annual Abstract of Statistics (London: HMSO, 1960) and Central Statistic Office, Annual Abstract of Statistics (London: HMSO, 1970).

<sup>133</sup> Memo; "Negotiating Aims for Sugar: Note by the Secretaries"; CAB 134/2596 AE (70) 8, Ministerial Committee on the Approach to Europe; 30 June 1970; NAUK.

<sup>134</sup> Minutes; CAB 134/2596 AE (70) 2<sup>nd</sup> Meeting, Ministerial Committee on the Approach to Europe; 6 July 1970; NAUK.

**Table 7: Dependence on Sugar Cane by the Principal Commonwealth Producers<sup>135</sup>**

Column A		Column B	Column C	Column D
Territories		Sugar as a share of total export value (1967)	Total employed in sugar (1965-1967) <sup>136</sup>	Share of total workforce (%)
West Indies	Barbados	90.5 %	31,800	19.6 %
	Guyana	32.6 %	21,000	10.5 %
	Jamaica	22.5 %	46,500	10%
	St. Kitts	92.1 %	4,950	58%
	Trinidad	5.0 %	23,600	12%
British Honduras		53 %	4,500	12.6%
Mauritius		92.5 %	103,000	40%
Fiji		69.3 %	27,000	30%
Swaziland		24 %	11,500	22%
India		1%	20,225,000	4%

The CSA also created a UK structural dependence on raw sugar cane which added to the economic and political argument for preserving Commonwealth trading links within the EC. But it also directly conflicted with the EC sugar beet market. The UK sugar industry in the 1970s comprised three major refining companies. Tate & Lyle in 1973 had a 54% market share, 41% of which depended on raw Commonwealth sugar cane. Manbre & Garton's 16% market share depended entirely on the CSA, while the British Sugar Cooperation focussed on home grown beet (26% market share). The raw sugar cane refiners employed 8,750 people with assets of over £50 million in 1973.<sup>137</sup> The majority of factories were set up for the production of sugar cane which required a different refining process than that for sugar beet. The Ministerial Committee on the Approach to Europe noted that the UK sugar cane refiners in the short term "would suffer from a marked reduction in raw sugar imports".<sup>138</sup> Thus the structure of the 1970 UK market revolved around the CSA, which in turn led to political backing from pressure groups and politicians for Commonwealth trade. However, the original six countries of the EC were producing more sugar beet than the entire British West Indies and the Caribbean

<sup>135</sup> Memo; "Negotiating Aims for Sugar: Note by the Secretaries"; CAB 134/2596 AE (70) 8, Ministerial Committee on the Approach to Europe; 30 June 1970; NAUK. The government took the export figures from the UK Sugar Board Annual Report.

<sup>136</sup> The employment figures included cane farmers and related industries, as well as 'out of season' and 'in season' employment. It does not take into account how many were paid for their work.

<sup>137</sup> Pamphlet; Tate & Lyle Limited; "The British Cane Refiners and the Common Market: The Present and the Future"; 4 October 1973; CAB 170/122; NAUK.

<sup>138</sup> Minutes; CAB 134/2596 AE (70) 2<sup>nd</sup> Meeting, Ministerial Committee on the Approach to Europe; 6 July 1970; NAUK.

production of raw cane by 1970.<sup>139</sup> A strong sugar beet lobby developed within EC politics. On 1 July 1968 the EC introduced sugar regulation into the CAP (due for renewal on 30 June 1975) which protected the EC's sugar beet market and would entirely shut out Commonwealth raw sugar cane.<sup>140</sup> This reveals the direct conflict between the CSA and the CAP system of sugar beet. Nevertheless, the UK had key economic interests involved in the import of Commonwealth sugar cane. Thus it formed a key part of the UK's objectives, which complicated the EC negotiations, the renegotiation of the Yaoundé Convention, and caused serious tension in Anglo-American trade relations.<sup>141</sup>

While economic factors provided sufficient reason for the UK government to pursue Commonwealth association, domestic politics made the protection of the developing CSA territories in the Treaty of Accession essential to the survival of the Heath government. The failure to pass the European Communities Bill in parliament would result in a general election. As analysed in chapter 1, Heath entered power in 1970 with a small majority in the House of Commons which strengthened the legislature and party fringes. A significant number of Conservative MPs were sceptical or totally opposed to membership of the EC, and thus Heath needed the support of pro-European Labour and Liberal MPs to pass his EC legislation. Moreover, as all three party leaderships supported the principle of joining the EC, the domestic battle centred on the actual terms of entry, of which the Commonwealth question remained key (as it had in the 1961-1963 negotiations).<sup>142</sup> The government also faced pressure from special interest groups, such as the Commonwealth Sugar Exporters Association, headed by Lord Campbell of Eskan (Jock Campbell) from 1950 to 1984, who played a key role in the establishment of the Commonwealth Sugar Agreement and sought to protect the Caribbean countries in the EC negotiations.<sup>143</sup>

Public opinion had a long standing support for Commonwealth association which both added weight to and influenced parliamentary opinion. In September 1961, 72% of those questioned thought that joining the EEC should include protection for Commonwealth trade.<sup>144</sup> By February 1969, 54% and 31% said that it was "very important" and "important" for Britain to have a close relationship with the Commonwealth – 85% in total.<sup>145</sup> Following the publication of the EC White Paper in July 1971, only 1% agreed with the view that joining the EC would be "good in the long run for the Commonwealth" while 54% believed it would have a negative influence on UK-Commonwealth relations, significantly higher than on any of

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<sup>139</sup> Vincent Mahler, "Britain, the European Community", 474-475.

<sup>140</sup> O'Neill, *Britain's Entry*, p. 100-104.

<sup>141</sup> Memo; "Negotiating Aims for Sugar: Note by the Secretaries"; CAB 134/2596 AE (70) 8, Ministerial Committee on the Approach to Europe; 30 June 1970; NAUK.

<sup>142</sup> 823 H.C. Deb. 2200-2201, 28 October 1971.

<sup>143</sup> Minutes; "Record of a Conversation between the Chancellor of the Duchy of Lancaster and Lord Campbell of Eskan and Mr. Lyle: FCO"; 19 May 1971, 3.30 p.m.; CAB 164/966; NAUK.

<sup>144</sup> Gallup Poll, *British Attitudes*, question 19 & 21.

<sup>145</sup> *Ibid.*, question 65.

Britain's other relationships, including the US.<sup>146</sup> This indicated long-term public support for Britain's traditional Commonwealth trade and relationships. The government noted the sensitive domestic political situation at the Ministerial Committee on the Approach to Europe, observing that "public opinion in this country would be very concerned that we should not come to an agreement with the Six which would cause serious damage to the interests of the Commonwealth sugar producers".<sup>147</sup> Therefore, members of Parliament from all parties, public opinion, and the government considered and expected Commonwealth association to be a fundamental component of the terms of entry.

In early Anglo-American negotiations the US expressed concern about Commonwealth association and warned of the possibility of a US intervention in the negotiations, while continuing to support Britain's overall objective to join the EC. Abe Katz, a key State Department official dealing with Atlantic political and economic affairs, warned the FCO prior to the re-opening of the accession that the US would "intervene from time to time" with the UK and the EC "about specific points in the arrangements as they emerged", a major concern for UK officials and ministers.<sup>148</sup> Ten days before the opening of the EC negotiations, the British Ambassador in Washington John Freeman also advised the new Heath government on Anglo-American relations and EC policy, reporting that "objections are heard against the association agreements with former dependent territories...of the Caribbean" and that "we are likely to become...the recipients of US representations".<sup>149</sup> For the first Nixon-Heath meeting at Chequers in October 1970, both sides were briefed on Commonwealth association, with Rippon urging Heath to raise the issue of "US opposition to the Community's preferential agreements...important to us in meeting African and Caribbean Commonwealth interests".<sup>150</sup> But EC matters were left aside for discussions on superpower diplomacy, and these early exchanges focussed on maintaining broad Anglo-American cooperation.

At the Washington D.C. meeting on 17 December 1970, the discussions displayed an Anglo-American understanding on the EC Commonwealth issue. Britain's EC application dominated the early Nixon-Heath exchanges, especially on the Mills Bill and agricultural levies. Heath updated Nixon on the current state of the negotiations, saying that "we should face problems also as regards sugar and New Zealand dairy products" from the EC members. Douglas-Home informed Rogers that for "members of the Commonwealth Sugar Agreement,

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<sup>146</sup> Ibid., question 105. Also see Roger Jowell & James Spence, The Grudging Europeans: A Study of British Attitudes Towards the EEC (London: Social and Community Planning Research, 1975), 33-37.

<sup>147</sup> Minutes; CAB 134/2596 AE (70) 2<sup>nd</sup> Meeting, Ministerial Committee on the Approach to Europe; 6 July 1970; NAUK.

<sup>148</sup> Memo; Nathan Statham (Head of European Integration Department, FCO); "Visit of Mr. Katz, US State Department, May 1970"; 27 May 1970; CAB 164/455; NAUK.

<sup>149</sup> Telegram; Freeman to FCO; Telegram No. 1896; "US Attitude Towards EEC Enlargement"; 20 June 1970; FCO 26/551; NAUK.

<sup>150</sup> Letter, Rippon to Heath; 29 September 1970; FCO 7/1812, "Briefs for President Nixon's Visit"; NAUK. Memo; Kissinger to Nixon; "Your Visit to England, Saturday, October 3, 1970"; No Date (ND); Box 470; NSC President's Trip Files, October 1970; NPM; NPL.

principally the Caribbean countries...we would have to ensure that satisfactory arrangements were made". Nixon put pressure on the UK over the introduction of agricultural levies, and sought to use the Congressional Mills Bill as a bargaining tool in order to have US interests taken into account on a bilateral level. He gave no indication of a US intervention into the EC enlargement negotiations, and told Heath that there would be "political damage to Europe as a result of the loss of British leadership" if Britain did not join the EC and thus backed the UK's overall application.<sup>151</sup> Rogers said that the US had adopted a policy of "quiet support, without publicity", and so the US would pursue a hands-off approach to the negotiations.<sup>152</sup> The Washington meeting ended with unresolved agricultural trade problems which caused tension in the economic Anglo-American relationship, but it indicated an acknowledgment from both sides that the UK needed to seek Commonwealth association.

However, just a few weeks after, on 30 December 1970, the US administration, through the State Department, officially tabled its objections on Commonwealth association to the UK and the EC – the intervention that UK officials had long feared, and thus causing alarm. The State Department sent instructions to the US embassy in London which then reported to FCO officials and the EC Commission that the US administration "had strong objections to the offer of associate status" to the Commonwealth on the grounds that it would "enlarge an already discriminatory trading bloc and would be a backward step in liberalisation of world trade" and that the US regarded it as contrary to GATT regulations. Stanley Cleveland of the US Embassy said that the message was to "put American views on record" with the UK and the EC. However, there "would be no American campaign".<sup>153</sup> On 1 December 1970 the EC had already agreed to the association of the African Commonwealth. This action threatened the UK's ongoing discussion with the EC on Commonwealth association for the sugar producing territories in the Caribbean. But it did not override the US political support for UK membership of the EC expressed by Nixon to Heath in Washington on 17 December 1970.

Many of the Caribbean Commonwealth territories petitioned the UK government to take the CSA into account during the negotiations, which added to the case for Commonwealth association.<sup>154</sup> Rippon visited the Caribbean from 7-19 February 1971, meeting government ministers, sugar producers, and union leaders to discuss the implications of Britain's entry into the EC. In Jamaica, Prime Minister Hugh Shearer expressed concern that the "British might not press the issue of Commonwealth sugar" because of the "increasing importance of her trade with Western Europe as compared to the Commonwealth". Rippon replied that "the government

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<sup>151</sup> Minutes; "Record of a Meeting between the Prime Minister and President Nixon at the White House"; 17 December 1970, 10.30 a.m.; PREM 15/161; NAUK.

<sup>152</sup> Minutes; "Record of Meeting between the Foreign and Commonwealth Secretary and the United States Secretary of State in the White House"; 17 December 1970, 10.30 a.m.; PREM 15/161; NAUK.

<sup>153</sup> Telegram; FCO to Washington Embassy; "The United States and Commonwealth Association with European Economic Communities"; 1 January 1971; O'Neill, Britain's Entry, 384-387.

<sup>154</sup> O'Neill, Britain's Entry, 99-123 & 150-167 & 222-226.

stood firmly on the assurances...given” but also highlighted the “difficulty arising from the American attitude” and that it would be “useful” if the Caribbean countries would make it “publicly clear that they wanted the offer to be made”. This would be “a vital bargaining point”.<sup>155</sup>

Similar opinions appeared in Rippon’s meetings with the other Caribbean territories. In Guyana, Dr. Ptolemy Reid, Deputy Prime Minister and Minister of Agriculture, in charge of EC-Guyana matters, told the UK government that “it was impossible to change the pattern of agriculture in Guyana” and that they were going through “a period of anxiety and uncertainty”.<sup>156</sup> The Trinidad and Tobago Minister of External and West Indian Affairs Kamaluddin Mohammed argued that unless the UK could “secure safeguards for the primary products” of Caribbean countries, then “chaos and confusion would result”.<sup>157</sup> Robert Bradshaw, the Premier of St. Kitts, stated that “the economy of the West Indies was designed by the British to serve the interests of the metropolitan power. Britain’s responsibility was clear”.<sup>158</sup> The Prime Minister of Barbados, Errol Barrow, also defended the CSA arguing that “the sugar industry was vital to the Caribbean economy and affected it at all levels”. Rippon replied that Britain was “at one with the Caribbean on this issue” and that sugar “was not just an economic problem but very much a social and human one”.<sup>159</sup> Rippon’s visit to the Caribbean in February 1971 pointed out the importance of sugar to the region and that Britain intended to fulfil its pledge on Commonwealth association, despite objections from the US and conflict with the CAP sugar regime.

At the Anglo-American discussions in Washington, D.C. on 8 March 1971 Rippon focussed primarily on highlighting the political threat to the Caribbean if the UK failed to achieve Commonwealth association. Hardin and Stans expressed their opposition to EC preferences and Commonwealth association. Rippon replied that the EC negotiations “would not be helped by American pressure by means of formal approaches to the EEC to stop...preferences”, and that the US intervention on 30 December 1970 jeopardised the process. He also said that the UK government “were not prepared to opt out of our obligations to the

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<sup>155</sup> Minutes; “Record of Private Meeting between Geoffrey Rippon, Chancellor of the Duchy of Lancaster and H.L. Shearer, Prime Minister of Jamaica, held at Kingston”; 8 February 1971, 9 a.m.; CAB 170/122; NAUK.

<sup>156</sup> Minutes; “Record of Meeting between Geoffrey Rippon, Chancellor of the Duchy of Lancaster, and the Deputy Prime Minister and Minister of Agriculture of Guyana, held at Georgetown”; 10 February 1971, 10.30 a.m.; CAB 170/122; NAUK.

<sup>157</sup> Minutes; “Record of Meeting between Geoffrey Rippon, Chancellor of the Duchy of Lancaster, and Minister of External and West Indian Affairs of Trinidad and Tobago held at Port of Spain”; 15 February 1971, 10.35 a.m.; CAB 170/122; NAUK.

<sup>158</sup> Minutes; “Record of Meeting Between Geoffrey Rippon, Chancellor of the Duchy of Lancaster and the Premiers and Representatives of West Indies Associated States held in St. Lucia”; 17 February 1971, 10.30 a.m.; CAB 170/122; NAUK.

<sup>159</sup> Minutes; “Record of Meeting between Geoffrey Rippon, Chancellor of the Duchy of Lancaster and Errol Barrow, Prime Minister of Barbados, held at Bridgetown”; 18 February 1971, 3 p.m.; CAB 170/122; NAUK.

Caribbean”.<sup>160</sup> Nathaniel Samuels (Deputy Under-Secretary for Economic Affairs, State Department) told Rippon that “the prospect of these countries granting Europe reverse preferences caused the US real problems”, and expressed strong State Department opposition to long term association.<sup>161</sup> Rippon then asked Kissinger if “the Americans would...be willing to provide an alternative market” and that if Britain did not support the Caribbean Commonwealth then “there would be a severe risk of the United States finding seven or eight new Cubas at her back door”.<sup>162</sup> He also told Peterson that without association “unemployment would get out of hand and they might become economic slums in the backyard of the United States”.<sup>163</sup> The meetings, which left the issue unresolved, showed short term strain on Anglo-American trading relations.

However, on 26 April 1971 Samuels visited the UK and informed Rippon that “much thought had recently been given” to Rippon’s recent visit and the issue of the Caribbean Commonwealth. While the US administration “did not like reverse preferences in any shape or form”, the US “did not want any arrangement which would leave them with the responsibility of picking up the bill”.<sup>164</sup> Thus the US dropped their opposition to Commonwealth association during the period of the EC enlargement negotiations. The Nixon-Heath meeting in Bermuda on 20 December 1971 emphasised that political and defence factors were paramount in the US decision on association. Nixon told Heath that “he hoped that the British government would maintain in the Caribbean area an effective presence in both political and economic terms”. Although he was “aware of the problem of reverse preferences”, the US government thought that “a group of black republics in the Caribbean area would be very dangerous; one only had to consider Haiti as an example”.<sup>165</sup> In fact, Nixon had initiated an NSC study into the Caribbean area on 16 February 1971 to investigate “increased Soviet military activities in the region”, the growth of “black nationalism” and the threat of the Caribbean territories “regularizing trade and

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<sup>160</sup> Minutes; “Record of Conversation between the Chancellor of the Duchy of Lancaster and the United States Secretaries of Agriculture and Commerce, Department of Agriculture, Washington”; 8 March 1971, 9.30 a.m.; CAB 164/970; NAUK.

<sup>161</sup> Minutes; “Record of Meeting between the Chancellor of the Duchy of Lancaster and the Deputy Under Secretary for Economic Affairs and Other State Department Officials: State Department”; 8 March 1971, 11.30 a.m.; CAB 164/970; NAUK.

<sup>162</sup> Minutes; “Record of Private Conversation between the Chancellor of the Duchy of Lancaster and the Assistant to the President of the United States for National Security Affairs: White House”; 8 March 1971, 5.45 p.m.; CAB 164/970; NAUK.

<sup>163</sup> Minutes; “Record of a Talk between the Chancellor of the Duchy of Lancaster and the Assistant to the President of the United States for International Economic Affairs, Executive Office Building, Washington”; 8 March 1971, 2.30 p.m.; CAB 164/970; NAUK.

<sup>164</sup> Minutes; “Call on the Chancellor of the Duchy of Lancaster by Mr. Nathaniel D. Samuels, Deputy Under Secretary for Economic Affairs at the State Department, Foreign and Commonwealth Office”; 26 April 1971, 10.00 a.m.; CAB 164/970; NAUK.

<sup>165</sup> Minutes; “Record of Meeting at Government House, Bermuda”; 20 December 1971, 1.30 p.m.; PREM 15/1268; NAUK.

/ or diplomatic relations with Cuba”.<sup>166</sup> Therefore the political and defence cooperation between Britain and the US in the Caribbean region took priority over the EC’s trade problems.

While the US dropped their opposition to Commonwealth association, the UK still needed to reach a final agreement with the EC for the Caribbean sugar producing territories. On 10 May 1970, the French led the Council of Ministers into offering various forms of association to the Caribbean Commonwealth (as outlined above). The minimalist statement committed the EC to “safeguard” the economies dependent “on the export of primary produce, in particular sugar”.<sup>167</sup> A key meeting between Heath and Pompidou in Paris from 20-21 May 1971 aimed to resolve in principle the main political, economic, and defence aspects of the accession. On the Yaoundé Convention, Pompidou said that the French considered it important to “protect the interests of all the underdeveloped countries, whether in Africa, in the West Indies or elsewhere”, while Heath said that “it should be possible to deal with this problem within the system of preferences and aid”.<sup>168</sup> The Anglo-French joint communiqué confirmed their views in public.<sup>169</sup> They agreed on the Caribbean sugar question because of the desire to help the less developed countries. Moreover, the full range of commodities from the Commonwealth countries, not just sugar, could benefit the EC in the long term.

The UK government also managed to secure the agreement of the Commonwealth territories and the UK Parliament, a necessary step. This showed the importance of UK domestic politics and Commonwealth relations in the passing of the European Communities Bill. While the Commonwealth dependent territories were offered direct association to the EC under Part IV of the Treaty of Rome, the independent Commonwealth sugar producing countries only received a paper pledge from the EC to take part in the 1973 renegotiation of the Yaoundé Convention and that sugar exports would be protected. Rippon told the House of Commons on 17 May 1971 that “this text amounts to more than a declaration of intention. It is both a specific and moral commitment”.<sup>170</sup> Heath also reassured the House of Commons on 24 May 1971 on his return from Paris that the EC agreement on sugar association would be firm.<sup>171</sup> Thus the government attached their weight to the EC declaration and signalled that they would fulfil the obligation.

Initially, pressure groups and Commonwealth countries were sceptical of the declaration of intent, but the government convinced domestic opinion makers, which in turn led to the legislative success. On 19 May 1971, Rippon met with Lord Campbell and Tate & Lyle to build support for the sugar agreement. Although Campbell had been “encouraged” by Rippon’s

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<sup>166</sup> Memo; “NSSM 117: Review of US Policy in Caribbean Area”; 16 February 1971; Box H-181; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>167</sup> 817 H.C. Deb. 885-886, 17 May 1971.

<sup>168</sup> Minutes; “Record of Conversation between the Prime Minister and the President of the French Republic in the Élysée Palace, Paris”; 20 May 1971, 3.30 p.m.; The Margaret Thatcher Foundation [online]: [http://www.margaretthatcher.org/archive/heath-ec.asp](http://www.margaretthatcher.org/archive/heath-ec)

<sup>169</sup> Memo; “Mr. Heath-Mr. Pompidou – Communiqué”; 21 May 1971; PREM 15/372; NAUK.

<sup>170</sup> 817 H.C. Deb. 885-886, 17 May 1971.

<sup>171</sup> 818 H.C. Deb. 31-49, 24 May 1971.

statement in the House, he believed that it would be difficult “negotiating in the face of a big beet surplus. The French would find great difficulty in persuading their producers”, and thus he wanted a more comprehensive agreement in the Treaty of Accession. John Lyle also expressed concern about an increase in EC beet production, just as Tate & Lyle were embarking on a refining investment programme. Rippon said that it was “a most bankable assurance” and that if problems developed in the Yaoundé renegotiation then “we would have to turn nasty”, which once again indicated the government’s commitment to the sugar exporters.<sup>172</sup>

At Lancaster House in London on 2 and 3 of June 1971 Rippon held negotiations with the Commonwealth sugar producers, with the backing of Tate & Lyle and Lord Campbell, who “accepted this settlement as satisfactory and constructive for the developing countries”, a key intervention. Speaking on behalf of the Caribbean Commonwealth, Robert Lightbourne (Jamaican Minister of Trade and Industry) strongly demanded a clarification of the EC declaration of intent. They distrusted the French and believed that the EC could back out of the unspecific formula offered to the UK. The conference resulted in a communiqué, which stated that the UK government and Commonwealth countries regarded the EC offer “as a firm assurance of a secure and continuing market in the enlarged community on fair terms for the quantities of sugar covered by the Commonwealth Sugar Agreement in respect of...all developing member countries” – it then listed the countries involved.<sup>173</sup> The UK government deposited the communiqué with the EC Commission and circulated a paper on sugar association, to make clear the UK government’s intentions.<sup>174</sup>

Nevertheless, those in the UK parliament opposed to EC membership attacked the EC Bill for not taking care of the Caribbean Commonwealth. Moreover, the official Labour Party leadership adopted the slogan “no entry on Tory terms”. At the first reading of the accession terms on 28 October 1971 – a declaratory motion on the principle of entry – Wilson accused Heath of showing “his total unconcern, his contempt even, for the modern Commonwealth”. He went on to state that “I regard the government’s deal over sugar a betrayal”.<sup>175</sup> The Haslemere Declaration Group, a pressure group against exploitation in the developing world, circulated a pamphlet on the sell-out over Commonwealth sugar, while the New Statesman released its own version of the EC Bill, stating that the EC sugar formula “was not the ‘bankable assurance’ for which Mr. Rippon has asked”, which added to domestic opposition to the government’s terms of entry.<sup>176</sup> However, with the backing of Lord Campbell, the sugar industry, and the

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<sup>172</sup> Minutes; “Record of a Conversation between the Chancellor of the Duchy of Lancaster and Lord Campbell of Eskan and Mr. Lyle: FCO”; 19 May 1971, 3.30 p.m.; CAB 164/966; NAUK.

<sup>173</sup> Minutes; “EEC: Record of Consultations with Developing Commonwealth Sugar-producing Countries”; 2-3 June 1971; CAB 170/122; NAUK.

<sup>174</sup> Paper; Community News: London Office; “Commonwealth Sugar and an Enlarged Community”; 4 June 1971; CAB 170/122; NAUK.

<sup>175</sup> 823 H.C. Deb. 2082-2083, 28 October 1971.

<sup>176</sup> The North London Haslemere Group, Sugar Today, Jam Tomorrow? A Study of the Sell-Out Over Commonwealth Sugar in the Common Market Negotiations (London: Haslemere Group & Third World First, 1971). Shore, The Case Against Entry, 104-106.

Commonwealth countries, and the desire to take Britain into the EC, Heath won the vote by 112 (356-244), while he narrowly carried the final bill on 13 July 1972 (301-284).

The nine members of the enlarged EC and fifty-five ACP states started negotiations on the renewal of Yaoundé in July 1973, and signed the Lomé Convention 18 months later on 28 February 1975 in Togo.<sup>177</sup> The protection of the Commonwealth sugar exporters in the Lomé Convention actually conflicted with the EC sugar beet regime established in 1968. It was more in the interest of the developing countries than the EC countries, and thus represented a major breakthrough in trade relations between the developed and less developed economies.<sup>178</sup> Lomé also abolished EC reverse preferences, thus reducing conflict in Anglo-American and EC trade relations in the built up to the Tokyo Round of GATT negotiations (1973-1979).

### Conclusion

Anglo-American trade relations frequently became dominated by US-EC trade issues during Britain's EC application negotiations and subsequent membership. While it can be seen that the long-term importance of political and defence relations in the context of the Cold War and the Atlantic Alliance overrode the short-term EC enlargement problems of agricultural support and Commonwealth association, this chapter shows that British membership of the EC created a new dimension in Anglo-American trade relations.

The Mills Bill and other Congressional protectionist legislation on the US domestic scene failed to pass into law but it indicated serious problems in the international trading and monetary system, representing a component of the developing US-EC trade clash. The dwindling US trade surplus and the development of an overall balance of payments deficit created a fundamental disequilibrium in the international economy, which led towards the collapse of the Bretton Woods system, as seen in the next chapter. Both the US and EC had unfair trading practices which threatened the pursuit of free trade. In the US this resulted in the Williams Commission's investigation into long term trade affairs, as well highlighting the issue to EC countries and the UK, which helped in the movement towards the Tokyo Round of GATT negotiations. In Anglo-American trade relations Congressional protectionism provided a major source of tension.

The negotiations over the UK's introduction of agricultural levies were largely a medium-term problem in Anglo-American relations, during late 1970 and early 1971, while the UK negotiated its entry into the EC. The trade dispute was driven by the Heath government's

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<sup>177</sup> Convention ACP-CEE de Lomé; 28 February 1975; European Navigator [online]: [http://www.ena.lu/acp\\_eec\\_convention\\_signed\\_lome\\_28\\_february\\_1975-2-820](http://www.ena.lu/acp_eec_convention_signed_lome_28_february_1975-2-820). There have been five agreements – Lomé (1975), Lomé II (1979), Lomé III (1984), Lomé IV (1990), and the Cotonou Agreement (2000) – still in force between the EU and 71 ACP countries.

<sup>178</sup> Isebill V. Gruhn, "The Lomé Convention: Inching Towards Interdependence", International Organisation, Vol. 30, No. 2, 1976, 241-262.

desire to join the EC and general economic policy, and the domestic pressure placed on the US administration from the Congress and farming groups to protect US agriculture. Economically the UK switch in agricultural support would have little immediate impact on US trade figures. However, the US viewed this as a component of the UK joining the EC's agricultural protectionist system, which brought the UK into the long-term US-EC trade disagreements on agriculture. Moreover, the discussions were protracted and acrimonious, which harmed relations between Britain and the US during the EC enlargement negotiations.

Meanwhile Commonwealth association to the EC created a new long term conflict in US-EC trade relations, by quadrupling the number of developing territories with special EC trading agreements, to the disadvantage of US exporters. This grew out of the UK's long standing political and economic ties to the Commonwealth territories which ensured that it played a key role in the Heath government's move towards EC membership. Moreover, UK domestic support for association threatened the passing of the EC Bill, Heath's ultimate aim in government. Just like agricultural levies, it caused a medium-term rift in Heath-Nixon economic relations. It also led to the direct US intervention in an EC negotiations issue. Eventually the US administration accepted it as a necessary part in the process of the UK joining the EC, which they believed would lead to a more Atlantic, outward looking, organisation.

But in the future the system of preferences for third countries would be major issue in US-EC trade negotiations. Moreover, other trade problems existed beyond agriculture which would develop in the long-term – industrial preferences, technological collaboration, standardisation, and 'buy European' procurement policies. Moreover, there was the question of the future relationship of the EFTA neutrals and the EC, which requires further historical investigation. While these were not directly part of the UK's negotiations to join the EC, it provides an example of Anglo-American relations becoming involved in wider EC trade issues.

The trade negotiations analysed in this chapter represented a more obvious way in which British membership of the EC altered Anglo-American economic relations. However, economic "Europeanisation" of Anglo-American trade relations did not mean a fundamental shift had taken place in economic, political, and defence relations and policy, which continued to be important in bilateral relations. It represented a more subtle shift and adjustment to international changes.

*Chapter 5:*

**Anglo-American Economic Relations:  
Part II - Monetary Affairs and the EC Enlargement (1969-1974)**

This chapter looks at the impact of the EC enlargement and the unravelling of the Bretton Woods system on Anglo-American monetary affairs. It also reveals the connection between economics and international political power, the contradictions between national and international economic objectives, and government management of financial crisis.

The chapter firstly argues that Britain's negotiations and entry into the EC altered the status of sterling and thus the Anglo-American monetary relationship, which subsequently became influenced by wider US-EC monetary relations. In the Bretton Woods monetary system 1945-1971, both UK sterling and the US dollar held an international currency role. However, the international role of sterling, and its connection to the dollar, directly conflicted with the EC objective of currency integration and equality amongst the EC members. The EC took major steps towards the development of European Economic and Monetary Union (EMU) 1969-1970. During the negotiation period, the UK made a commitment to run-down the sterling balances and terminate its international role, a key issue in gaining French support for British membership. However, in the long term, Britain continued to use sterling after the adoption of the European single currency in 1999, retaining a degree of separation from the EC monetary system, and thus the position of sterling remains important in Britain's external relations, including the Anglo-American alliance.

The second part of this chapter argues that Nixon's New Economic Policy (NEP) and the monetary crisis of August 1971 caused major friction in Anglo-American and Atlantic cooperation. Tough negotiations and bargaining took place between Britain, the US, the EC, Japan, and other major economies between August and December 1971 to resolve the crisis. This marked one of the low points in the Heath-Nixon relationship, yet both sides revived Anglo-American cooperation because of the long term political, defence, and economic importance that each side attached to the alliance in the context of the Cold War. While the collapse of Bretton Woods paved the way for the growing importance of European and Asian currencies, the EC's first substantial steps towards the creation of EMU in 1970 were seriously obstructed and delayed by the fluctuations of currencies and monetary instability caused by the NEP, and ultimately the US dollar remained the dominant force in international monetary relations, just as sterling significantly declined in status.

There are a growing number of recent studies touching on monetary and economic relations during the Nixon era. Niklas Rossbach's recent study of the Heath-Nixon era argued that the monetary crisis of 1971 marked "the end of the economic special relationship".<sup>1</sup> The

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<sup>1</sup> Rossbach, *Heath, Nixon and the Rebirth*, 60.

collapse of Bretton Woods and Britain's entry into the EC actually led to a gradual change in the nature of the traditional economic relationship, both in monetary and trade affairs, rather than a dramatic break from the past. Political and defence relations also naturally evolved through this period of change but there continued to be a strong Anglo-American alliance, independently from the EC. This chapter supplements the growing debate on 1970s monetary relations, specifically looking at the Anglo-American and EC enlargement aspects.<sup>2</sup>

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### The Bretton Woods Monetary System, 1945-1971

The post-war monetary system of the Western economic powers, worked out at Bretton Woods, New Hampshire in 1944, featured a gold-exchange standard and fixed exchange rate. Bretton Woods sought to establish collective inter-governmental management of the monetary system and to prevent national, unilateral currency actions, perceived by Anglo-American policy makers to be a potential threat to free trade and growth as witnessed in the inter-war, Great Depression era. The system formed a key component of US, Western European, and Anglo-American cooperation, and thus a major aspect of the Cold War, facilitated by the institutions of the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (World Bank), and GATT.

In the Bretton Woods creation the convertibility of the US dollar into gold at the price of \$35 an ounce provided the basis of the fixed exchange rate system. Thus the system had two international acceptable assets to sell and buy currency at a guaranteed value – gold, and as a convertible substitute, the US dollar. The British pound sterling also operated as a reserve currency through the Sterling Area, consisting of mainly Commonwealth and British dependant territories that either used sterling or pegged their currencies to sterling, and retained reserves / balances of sterling, although it was not backed by gold, but valued against the dollar. This system lasted until Nixon's NEP on 15 August 1971, which suspended the convertibility of the dollar into gold. Although known as the "Nixon shock" – and the unilateral and far-reaching nature of the announcement was a surprise – Bretton Woods had fundamental flaws, with recurring monetary crises since its creation. The disintegration of Bretton Woods was not a

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<sup>2</sup> Thomas W. Zeiler, "Nixon Shocks Japan, Inc.", in *Nixon in the World*, eds., Logevall & Preston (New York: Oxford University Press, 2008), 289-305. Marc Trachtenberg, "The French Factor in US Foreign Policy during the Nixon-Pompidou Period, 1969-1974", *Journal of Cold War Studies*, Vol. 13, No.1, 2011, 4-59. Hubert Zimmermann, "Unravelling the Ties That Really Bind: The Dissolution of the Transatlantic Monetary Order and European Monetary Cooperation, 1965-1973", in *The Strained Alliance*, eds., Schulz & Schwartz, 125-144. William Gray, "Towards a 'Community of Stability'? The Deutsche Mark between European and Atlantic Priorities, 1968-1973", in *The Strained Alliance*, eds., Schulz & Schwartz, 145-167. William Gray, "Floating the System: Germany, the United States, and the Breakdown of Bretton Woods, 1969-1973", *Diplomatic History*, Vol. 31, No. 2, 2007, 295-323. This topic is also briefly covered in Spelling, "Edward Heath", 638-658.

sudden reversal of US foreign economic policy, nor an inevitable outcome, but the result of a gradual erosion of transatlantic confidence in the system and government policies to change the system.

The two structural flaws in the system were liquidity and adjustment. Bretton Woods depended on the supply of gold (liquidity) matching the growth of world demand for it. If gold reserves were deficient or excessive, there would be disequilibrium in the system by having an either overvalued or undervalued fixed exchange rate. The failure to adjust or correct the disequilibrium caused instability. After the war, the US had large supplies of gold which guaranteed and provided confidence in the US dollar's convertibility. In 1950, of the 31,096 metric tonnes of fine gold in the world, the US possessed 20,279, 65% of world supplies.<sup>3</sup> However, the US surplus of gold and a positive trade balance meant a deficit and lack of liquidity elsewhere in the world, preventing growth, which became known as the "dollar gap". The US embarked on a program of fuelling the world economy with dollars in the 1950s, a continuation of the 1947-1951 Marshall Plan, which saw an outflow of US dollars (and in turn, gold). This led to the rapid expansion of trade, production, and world growth, which in turn required an expansion of monetary reserves. But the mining of gold could not keep pace with world growth, resulting in a world gold shortage by 1960. On top of this, US holdings of gold also fell throughout the 1960s, from 65% of world supplies in 1950, to just 27% in 1968.<sup>4</sup> As a substitute central banks used the US dollar as a reserve asset, or in other words the dollar was considered to be "as good as gold". In order for a national currency to act as an international reserve currency, that country must run a liquidity balance of payments deficit in order to supply monetary demands. Thus the 1950s "dollar gap" became the 1960s "dollar glut" – the accumulation of dollars outside of the US.<sup>5</sup>

The US liquidity balance of payments deficit revealed a fundamental flaw in the Bretton Woods system, known as the "Triffin Dilemma". Robert Triffin, a Yale University economist, and a former member of the Federal Reserve (1942-1946) and IMF (1946-1948), argued before the Joint Economic Committee of Congress on 28 October 1960 that the functioning of the Bretton Woods system "requires an expanding pool of world monetary reserves and international liquidity". However, this situation "is bound to undermine, more and more dangerously as time goes on, the international liquidity position of the currencies used as reserves by other countries", which will result in "increasing vulnerability to the world

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<sup>3</sup> Timothy Green, Central Bank Gold Reserves: An Historical Perspective since 1845 (London: World Gold Council, 1999), 19.

<sup>4</sup> Ibid.

<sup>5</sup> Francis J. Gavin, Gold, Dollars, & Power: The Politics of International Monetary Relations, 1958-1971 (London: The University of North Carolina Press, 2004). Harry G. Johnson, "The International Monetary Crisis of 1971", The Journal of Business, Vol. 46, No. 1, 1973, 11-23. Gerald M. Meier, "The Bretton Woods Agreement – Twenty-Five Years After", Stanford Law Review, Vol. 23, No. 2, 1971, 235-275. Richard N. Gardner, "Sterling-Dollar Diplomacy in Current Perspective", International Affairs, Vol. 62, No. 1, 1985, 21-33. Sidney Rolfe, Gold and World Power: The Dollar, the Pound, and the Plans for Reform (London: Macmillan, 1966).

monetary superstructure”.<sup>6</sup> Thus, the US needed to supply the world with liquidity in order to support growth, resulting in a liquidity balance of payments deficit. But in the long term the deficit and over supply of US dollars would undermine the value of the US dollar and fixed exchange rates, and it would cease to be accepted as a reserve currency.

The 1960s “dollar glut” and the gold shortage resulted in an overvalued fixed exchange rate, whereby the price of gold in the London and Zurich free markets was higher than the \$35 an ounce established at the 1944 Bretton Woods conference, which thus required an adjustment. There were several possible solutions to this problem: (1) the creation of a world currency or alternative reserve currencies; (2) an adjustment of parities, through devaluation and revaluation; (3) a reduction in US spending; (4) gold price regulation.

On the first point, John Maynard Keynes, leader of the British delegation at Bretton Woods in 1944, originally proposed the creation of a world currency, called the Bancor. However, this was overruled by the US government in favour of a US dollar and gold system because it provided them with monetary and political power. In 1969 the IMF created an international exchange reserve called Special Drawing Rights (SDRs) to help relieve pressure on the dollar and gold price. However, implemented too late, this failed to eradicate the liquidity and adjustment problem.

Secondly, the US could devalue the dollar. But this would undermine the view that the dollar was “as good as gold”, and could thus cause a run on the dollar and lead to the collapse of the system. At the opposite end, the surplus countries, such as Germany and Japan, could revalue their currencies towards the dollar to correct the disequilibrium, but this would hurt their competitive export advantage, and so they were reluctant to adjust their parities.

Thirdly, the US could reduce government expenditure at home and abroad, increase taxes, reduce income and employment, and implement other deflationary policies in order to improve its balance of payments position. But these politically unpopular policies on the US domestic front failed to materialise on a substantial level. Furthermore, a US liquidity surplus would prevent world growth as outlined in the “Triffin Dilemma”.

Fourthly, gold price regulation was in fact established. On 1 November 1961, the US and seven European Central Banks – the UK, West Germany, France, Italy, Belgium, Netherlands, and Switzerland – founded the Gold Pool, in which targeted selling and buying of gold sought to maintain the price of \$35 an ounce, which collapsed in March 1968 due to insufficient supplies of gold and currency speculation. As a replacement the US government separated the private gold market from the Central Bank gold market in March 1968, which maintained the price of \$35 an ounce between governments only. Thus, despite the structural

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<sup>6</sup> Robert Triffin, Gold and the Dollar Crisis (London: Yale University Press, 1960), 8.

flaws, the international community sought to uphold the Bretton Woods fixed exchange system.<sup>7</sup>

### Sterling, EMU, and Anglo-American Relations 1970-1973

Between 1969 and 1970 the EC took major steps in developing the idea of a single European currency which altered EC politics, EC-American relations, and the UK's application to enter the EC. In the historiography of Britain and European integration monetary issues have received less attention compared to the political aspects. Catherine Schenk argued that the weakness of sterling led to France's rejection of Britain's applications to join the EEC in 1963 and 1967, while many historians take the view that politics trumped monetary factors.<sup>8</sup> This chapter argues that the ending of sterling's role as a reserve currency proved to be a key issue determining the success of the Heath government's application to join the EC, not on the political problem of appearing as an Atlantic 'Trojan horse' in the EC. John Young's study on Britain and the EC argued that the Heath-Pompidou summit on 20-21 May 1971 was a key step in sorting out Anglo-French issues on sterling and the Commonwealth, but that "many details remain unclear". Documents relating to this meeting have now been released and are discussed here.<sup>9</sup>

The first major attempt to create EMU started in February 1969 with the "Barre report" of the European Commission, the EC's executive body.<sup>10</sup> It argued that the "Community cannot stop at the point which it has now reached" with a customs union, the CAP, and the free movement of goods and services, which were all strongly influenced by external factors, such as the international monetary system and national economic policies. It called for the "coordination" of "economic policies" between the member states and the development of "Community machinery for monetary cooperation" in order to avoid "serious instability" and undermine the European integration project.<sup>11</sup> At the Hague Summit on 2 December 1969 the EC adopted the Barre report, as well as opening the door to the enlargement of the EC.<sup>12</sup> Thus, the EC classified monetary union as a major objective and vital for the progress of European

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<sup>7</sup> Gavin, Gold, Dollars, & Power, pp. 165-185. James Foreman-Peck, A History of the World Economy: International Economic Relations Since 1850 (London: Prentice Hall, 1995), 293-307.

<sup>8</sup> Catherine Schenk, "Sterling, International Monetary Reform and Britain's Application to Join the European Economic Community in the 1960s", Contemporary European History, Vol. 11, No. 3, 2002, 345-369. See Daddow, Harold Wilson and European Integration.

<sup>9</sup> Young, Britain and European Unity, 104.

<sup>10</sup> Report named after Raymond Barre, European Commissioner for Economic & Financial Affairs (1967-1973). The Commission acted as an executive body, looking out for the EC as a whole, rather than the member states.

<sup>11</sup> Memo; Secretariat of the Commission; "Commission memorandum to the Council on the coordination of economic policies and monetary cooperation within the Community"; 12 February 1969; The European Commission [online]: <http://ec.europa.eu/>

<sup>12</sup> Memo; "Final Communiqué of the Conference of Head of State or Government on 1 and 2 December 1969 at the Hague"; 2 December 1969; The European Commission [online]: <http://ec.europa.eu/>

integration, while stating its intent to increase the size of the EC and its economic power in the monetary system.

In 1970 the EC set out a major plan for EMU and opened enlargement negotiations with the UK, the Republic of Ireland, and Denmark, which pushed forward the European integration project. On 4 March 1970 the Commission released its “Second Barre Plan”, arguing for three stages in the development of EMU, firstly concentrating on preliminaries (1970-1971), then preparation (1972-1975), followed by the definitive establishment of EMU (1976-1978). Importantly, the first stage focussed on aligning currency rates. The report stated that “the principle of flexible exchange rates must...be ruled out; what is needed is a system of stable rates”, which thus fitted in with the Bretton Woods system of fixed rates, although the EC currencies would still need to be brought closer together in some form of “tunnel” – a mechanism to narrow currency fluctuations within specific margins.<sup>13</sup> These initial plans were then worked on by the Werner Group – named after the chairman, the Luxembourg Prime Minister Pierre Werner – which produced the Werner Plan on 8 October 1970, the first agreed blue print for EMU. It also proposed a series of gradual stages, possibly resulting in a single currency by 1978-1980.<sup>14</sup> These steps on EMU and the enlargement reignited the EC integration movement and the new EC monetary identity introduced a new dimension to EC-American relations.

The international reserve role of sterling gave the UK a special position in the global monetary system. It contradicted the idea of EMU and thus the EC’s pursuit of monetary union had an influence on the UK’s membership application. The development of an international sterling system originated in the 19<sup>th</sup> century amongst mainly British colonial territories which either used local versions of sterling currency, traded in sterling, or invested their surplus liquidity and raised capital in London using sterling. In 1931 the UK abandoned the gold standard which led a large number of countries, and most of the Commonwealth, to peg their own currencies to sterling. Then at the beginning of the Second World War the UK introduced exchange controls to protect the external value of sterling, thus creating the “Sterling Area” (or Sterling bloc).<sup>15</sup> Due to these historical and economic reasons, foreign independent countries or colonies started to accumulate sterling as a foreign exchange reserve. These became known as the ‘sterling balances’. Therefore, in the post-war Bretton Woods system, sterling also operated

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<sup>13</sup> Memo; Secretariat of the Commission; “Commission memorandum to the Council on the preparation of a plan for the phased establishment of an economic and monetary union”; 4 March 1970; The European Commission [online]: <http://ec.europa.eu/>

<sup>14</sup> Report; Werner Group; “Report to the Council and the Commission on the realization by stages of economic and monetary union in the Community”; 8 October 1970; The European Commission [online]: <http://ec.europa.eu/>

<sup>15</sup> Memo; Treasury; “Treasury Historical Memorandum No. 16: Sterling Balance Since the War”; September 1971; T 312/3379; NAUK.

alongside the US dollar as an international reserve asset, which gave it special status and threatened Britain's attempts to join the EC in the 1960s and during the Heath government.<sup>16</sup>

The combination of the sterling balances and a weak UK economy created currency instability which also undermined Britain's application to join the EC. The sterling balances, held by private foreign banks, central banks, and governments, could be exchanged for other currencies and assets, such as the dollar and gold, which would alter the value of sterling. Moreover, throughout the 1950s and 1960s, the UK ran frequent balance of payment deficits, depleting Britain's foreign exchange reserves. The sterling balances started to exceed the UK's reserves. This created a 'sterling balances problem'. The 'sterling balances problem', balance of payments deficits, and economic weakness put pressure on the value of sterling and rendered Britain vulnerable to currency crises, as seen with the 1967 devaluation.<sup>17</sup> In 1968 the Bank for International Settlements and twelve non-sterling countries – the US, Canada, Japan, and major Western European countries, excluding France – established the Basle Agreement, a \$2 billion exchange fund available to Britain to protect the sterling balances. This was essentially a dollar guarantee of the balances, with 40% of the facility funded by the US, thus making sterling dependent on the dollar and creating a special sterling-dollar link.

While the Treaty of Rome did not deal with monetary union it included a section on economic policy and the balance of payments.<sup>18</sup> Under these regulations member states were required to seek a balance of payment equilibrium. If a member state was "seriously threatened" by currency instability or disequilibrium in its balance of payments then the EC might have to provide "mutual assistance" to support that country.<sup>19</sup> On 29 September 1967 the EC Commission delivered an opinion on the UK's second membership application which stated that fluctuations in the sterling balances and the reserve role of sterling constituted a significant obstacle to the EC's objective of economic convergence and that the "problem of sterling balances goes beyond the financial possibilities of the Community countries alone".<sup>20</sup> Therefore, the role of sterling and the balances threatened Britain's application to join EC, which became a major issue in Anglo-French relations.

In light of the steps taking place in Brussels to seek an enlargement of the EC and pursue EMU, the White House launched a major investigation into US policy on the EC in October 1969 (as discussed in chapter 2), which looked into the "problem of the UK's external indebtedness". It showed concern from within Washington about the political and economic

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<sup>16</sup> Schenk, "Sterling, International Monetary", 346-347.

<sup>17</sup> *Ibid.*, 347.

<sup>18</sup> Articles 104-108.

<sup>19</sup> Treaty Establishing the European Economic Community; 25 March 1957, Rome; European Navigator [online]: [http://www.ena.lu/treaty\\_establishing\\_european\\_economic\\_community\\_rome\\_25\\_march\\_1957-2-10730](http://www.ena.lu/treaty_establishing_european_economic_community_rome_25_march_1957-2-10730)

<sup>20</sup> Memo; "Sterling and the European Economic Community: Note by the Secretaries"; CAB 134/2829 (Euro) (F) (70) 10, Official Committee on the Approach to Europe: Sub-Committee on Financial and Monetary Aspects; 13 May 1970; NAUK.

changes taking place in Western Europe.<sup>21</sup> However, the group failed to reach an agreement. The State Department strongly supported the expansion of the EC as a key part of the Western alliance. But the economic departments – the Treasury Department, Department of Commerce, and the Department of Agriculture (USDA) - were sceptical of the EC expansion and EMU, which they viewed as a threat to the US economy.

The State Department report expressed some limited anxiety about the impact of EMU in the long term, but ultimately supported the expansion of the EC and movement towards greater integration. It also viewed the movement toward EMU as an opportunity to reduce the economic burden of supporting sterling. The report noted that EC monetary integration was “tending to reduce their interest in flexibility” in international monetary relations. However, progress in EMU “in a meaningful way at the present time...is limited”, and thus a long term project. The main concern for the US government was the short term cost of UK entry which could potentially cause financial problems which “will inevitably also involve the United States”. The report observed that the sterling “balances will undoubtedly be a factor to be reckoned with in the negotiations” and suggested that the “US may choose to avail itself of the opportunity to reduce its role as a supporter of sterling” with the EC picking-up the extension of the Basle Agreement under the EC’s mutual assistance facilities. Thus, State sought to disentangle US financial backing for sterling and supported greater EC integration.<sup>22</sup>

The economic departments wrote a joint statement to Kissinger and Nixon opposing State’s position on the grounds that the enlargement and EMU endangered the US economy and financial power. They argued that the “geographical broadening of the European community and its movement toward full economic and monetary union will result in a fundamental change in the basic world balance of international economic and financial power”, having a negative impact on US industrial and agricultural trade. The Treasury, Commerce, and the USDA thus sought a reappraisal of US European policy.<sup>23</sup> However, Nixon had already adopted a “hands-off” approach to the UK’s EC application so as not to harm the negotiations.<sup>24</sup> Nixon also declared in his February 1970 Foreign Policy Report to Congress that the integration of Western Europe was a fundamental component of the Atlantic Alliance, important to US political and defence policy.<sup>25</sup> Therefore, Nixon’s directive on the EC enlargement supported expansion and the movement towards EMU. In order to appease the economic departments, the directive also

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<sup>21</sup> Memo; “NSSM 79: UK Accession to the European Community”; 13 October 1969; Box H-164; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>22</sup> Department of State Study Paper; “Enlargement of the European Community and Implications for the US”; April 1970; Box H-164; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>23</sup> Memo; “Statement by the Departments of Treasury, Commerce, and Agriculture”; 22 April 1970; Box H-164; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>24</sup> Memo; Bergsten & Sonnenfeldt to Kissinger; “Proposed NSSM on UK Accession to the European Community”; 7 October 1969; Box H-164; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>25</sup> Report; Nixon; “First Annual Report to Congress on United States Policy for the 1970s”; 18 February 1970; The American Presidency Project [online]: <http://www.presidency.ucsb.edu/ws/index.php?pid=2835&st=&st1=>

set out to defend US economic interests in specific agricultural and industrial areas through negotiation, without jeopardising the UK's application.<sup>26</sup>

The Heath government's official negotiating position on monetary matters, from June 1970 to March 1971, showed support for the long term objective of European monetary integration, but at the same time not making any commitment on the future of sterling. The Official Committee on the Approach to Europe sub-committee on financial and monetary matters investigated the role of sterling, EC monetary harmonisation, and the EC enlargement - prepared under the Wilson government and used by Heath. The committee report, produced by the Treasury, noted the EC's 1967 opinion of sterling. But the EC Commission had also identified topics for the enlargement negotiations which did not include monetary matters. The key negotiation issues would be on the CAP, Commonwealth relations, budget contributions, and the transitional implementation of EC legislation and practices. The committee believed that "it seems likely that the EEC as a whole are less worried about sterling than they were in 1967". The committee also thought that the "relative importance of sterling as a reserve currency will progressively decline" as a result of the introduction of SDRs (in 1969) and a future single currency. The Treasury officials recommended that the government explain to the EC that "we are in no way attached" to maintaining the reserve role of sterling, either for "prestige" or for "questionable privileges".<sup>27</sup> Therefore, if pressed by the EC, the UK should commit itself in the long term to complete monetary union as a "logical development of the Common Market" and that the UK would have no problem in "moving as fast down this road as the Six collectively agree".<sup>28</sup> Ministers, considering these issues in October 1970, believed that while the French might actually "attach great importance" to making "rapid progress" on EMU, it would not feature in the official negotiations, and so they adopted the report's recommendations.<sup>29</sup> This reveals that officials and ministers underestimated the important connection between the role of sterling and the major developments taking place on EMU in Brussels.

However, domestic politics, which took a central role in determining Britain's entry into the EC, also influenced Heath's early strategy on sterling and EMU. As discussed in chapter 1, the survival of the Heath government depended on the passing of his EC legislation through the parliament. Specifically on the sterling balances, Heath faced only limited opposition. However, the replacement of sterling with a European single currency fitted into the larger debate on sovereignty. Heath's slim majority of thirty in the House of Commons strengthened the party

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<sup>26</sup> Memo; "NSDM 68: US Policy Toward the European Community"; 3 July 1970; Box H-217; NSC Institutional Files: Policy Papers: NSDM; NPM; NPL.

<sup>27</sup> Memo; "Sterling and the European Economic Community: Note by the Secretaries"; CAB 134/2829 (Euro) (F) (70) 10, Official Committee on the Approach to Europe: Sub-Committee on Financial and Monetary Aspects; 13 May 1970; NAUK.

<sup>28</sup> Memo; "UK Attitude to Harmonisation of Economic and Monetary Policies: Note by the Secretaries"; CAB 134/2829 (Euro) (F) (70) 11, Official Committee on the Approach to Europe: Sub-Committee on Financial and Monetary Aspects; 12 May 1970; NAUK.

<sup>29</sup> Minutes; CAB 134/2596 (AE) (70) 7<sup>th</sup> Meeting, Ministerial Committee on the Approach to Europe; 21 October 1970; NAUK.

fringes. Many Conservative MPs were sceptical and fundamentally opposed to joining the EC because of the constitutional implications of relinquishing power to the EC. Enoch Powell, a leading opponent of British membership, argued that Heath's policy would result in full "economic, monetary, and political unification", significantly reducing the UK's sovereignty.<sup>30</sup> This cost Heath votes and threatened his legislation, even though sterling did not feature in the official terms of entry. Although the Heath government avoided the sterling topic in the early negotiation stages, Heath eventually ignored his party fringes and displayed his total support for EMU, telling the House of Commons on 24 May 1971 on his return to London after the Paris summit with Pompidou that "Britain looked forward wholeheartedly to joining in the economic and monetary development of the community".<sup>31</sup> Heath needed to make a commitment to EMU in order to join the EC, despite parliamentary opposition.

The Labour Party supported a run-down of the sterling balances, but they put pressure on the Heath government to move faster on the issue. The Shadow Minister for Common Market Affairs Harold Lever argued in January 1971 that "we will not be accepted as a member of the Community" if the UK maintained the reserve currency, and thus "I believe that we ought to...end this system".<sup>32</sup> Following the Heath-Pompidou summit, Lever pressured Heath to clarify his "oblique reference" and state his "intentions on sterling", a topic sensitive with Tory MPs unsure of the constitutional aspects of the accession. Heath ignored the question.<sup>33</sup> But Wilson's parliamentary opposition on the EC focussed on the cost and terms of entry, such as on the Commonwealth association and UK' budget contribution to the EC, not on the position of sterling and sovereignty. In principle Wilson supported entry into the EC and the consequences of EMU.<sup>34</sup> Following a meeting with the EC in Luxembourg on 9 June 1971 Geoffrey Rippon, the Chancellor of the Duchy of Lancaster (CDL) told the House of Commons that the government envisaged "an orderly and gradual run-down of official sterling balances after our accession".<sup>35</sup> Wilson expressed concern about the "heavy burden on our balance of payments", but on the whole the specific issue of sterling did not cause Heath any major domestic trouble with the Labour Party.<sup>36</sup>

Understanding UK public opinion on this issue is difficult because the major pollsters did not directly address the issue of sterling and EMU during the Heath period. In 1957, when Gallup asked people whether joining the Common Market would take away Britain's control of her own economy, 48% did not know, 28% agreed, and 24% disagreed.<sup>37</sup> In 1967, 18% felt that joining the EC would reduce Parliament's power and 22% thought that the EC would take away

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<sup>30</sup> 809 H.C. Deb. 1370, 21 January 1971.

<sup>31</sup> 818 H.C. Deb. 33, 24 May 1971.

<sup>32</sup> Harold Lever, "Ending the Reserve Role of Sterling", *The Banker*, January 1971. He was Financial Secretary to the Treasury, 1967-1969.

<sup>33</sup> 818 H.C. Deb. 44-45, 24 May 1971.

<sup>34</sup> 818 H.C. Deb. 35-36, 24 May 1971.

<sup>35</sup> 818 H.C. Deb. 1044, 9 June 1971.

<sup>36</sup> 818 H.C. Deb. 1048, 9 June 1971.

<sup>37</sup> Gallup Poll, *British Attitudes*, question 1.

Britain's political independence.<sup>38</sup> But, by October 1971, only 9% of those polled feared a loss of political identity.<sup>39</sup> It is clear from the polls that the major concern of the public was focused on the cost of living, not on the sovereignty question. In 1967 Gallup recorded 76% support for the view that food prices would rise.<sup>40</sup> In October 1970, 73% thought that prices would increase a lot; 19% thought that prices would increase a little.<sup>41</sup> Another interesting poll, conducted by the Social and Community Planning Research institution, looked at the influence of the City in financial matters. 49% agreed that "London will become even more the financial centre of Europe" as a result of British membership; 32% disagreed.<sup>42</sup> But there are no direct polls to establish either the level of support or the level of public knowledge on EMU and sterling during the Heath government. The major domestic factor holding the government back from serious public discussion on sterling and EMU were the Conservative Party MPs and the political need to avoid the sovereignty issue.

As previously discussed, a key aspect of the Heath government's strategy for gaining entry into the EC was to improve political relations with France. Heath and the FCO perceived that the UK must not appear as a 'Trojan horse', intent on promoting US interest in the EC.<sup>43</sup> The FCO noted in September 1970 French fears that the UK might "provide an entry for increased American influence in Europe". While it mentioned that France supported the move towards a single currency, it did not foresee any problems and it did not mention sterling. It concluded that the UK government must "take account of French suspicions" and highlight the "European-ness of our foreign policy aims".<sup>44</sup> Heath supported the report and said that "it should be read and absorbed and acted upon by all Whitehall".<sup>45</sup> Therefore, British policy focussed on improving political relations with France which the government believed would lead to a successful outcome on the specific negotiations issues. The government overlooked sterling and EMU.

Early Anglo-American discussions during the Heath-Nixon period did not deal with sterling and EMU, but focussed on the importance of establishing close relations and on the political importance of the EC enlargement. Just prior to Heath's election victory, in March 1970, Abe Katz, a key State Department official dealing with Atlantic political and economic affairs, warned the British Embassy in Washington that the Secretaries of Commerce, Agriculture, and the Treasury were pushing the White House to revise US European policy

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<sup>38</sup> Ibid., question 55.

<sup>39</sup> Ibid., question 82.

<sup>40</sup> Ibid., question 55.

<sup>41</sup> Ibid., question 76.

<sup>42</sup> Hedges & Jowell, Britain and the EEC, 37.

<sup>43</sup> Memo; "Priorities in Our Foreign Policy: A Memorandum by the Foreign and Commonwealth Secretary"; CAB 148/101 (70) 13, Defence and Overseas Policy Committee; 21 July 1970; NAUK.

<sup>44</sup> Study; "Anglo-French Relations"; 2 September 1970; PREM 15/1560; NAUK.

<sup>45</sup> Note; Heath; 6 September 1970; PREM 15/1560; NAUK. It is handwritten on the front page of the report, addressed to the Cabinet Secretary Burke Trend.

because of the “economic price” of the enlargement and EMU.<sup>46</sup> The FCO thought that the “president and White House will stay sound, and that a lot of this is blowing off steam”.<sup>47</sup> Later, in May 1970, Katz also advised the FCO that the success of the UK’s negotiations “depended to a considerable extent” on the UK’s “response to the project for monetary and economic union”, although this advice seems to have been ignored by UK officials.<sup>48</sup> At the first face-to-face Anglo-American discussions of the Heath government between Douglas-Home and Rogers, in July 1970, the US backed the UK’s EC application and pledged to take a backseat, “hands-off” approach to the negotiations.<sup>49</sup> At Chequers in October 1970, Nixon and Heath established close communication and exchanged ideas on international relations.<sup>50</sup> While both governments expressed concern about growing US-EC trade friction, the issue of sterling and EMU did not arise.

By the time of the Washington and Camp David summit in December 1970, tension had grown in Anglo-American relations over the Mills Bill, agricultural levies, Commonwealth association, and general EC trade policies. Yet Nixon continued to back the expansion of the EC. He told Heath that “a division of world authority between two great power blocs would be unhealthy”. Nixon called for “the creation of a strong political and economic entity in Europe” in order to achieve “a proper concept of the balance of power”.<sup>51</sup> Therefore, the US and the UK found common ground on the EC integration movement. However, Nathaniel Samuels, the Deputy Under-Secretary of State for Economic Affairs (1969-1972), informed Douglas-Home that “monetary union discussions were particularly important to the United States”. Douglas-Home replied that it was not an immediate issue and that “from the point of view of sterling...things would move very slowly over a long period”.<sup>52</sup> No further discussion took place, which showed that the UK considered the question of EMU to be a long term project, stretching over a decade, and hence not a key matter for current Anglo-American relations.

In February 1971, the US Treasury sought to abandon its support of sterling, with the EC stepping in as a substitute guarantor. This indicated that to an extent the US would welcome greater monetary participation from the EC in international affairs, in order to relieve pressure on the dollar. With the 1968 Basle Agreement due to expire in September, an extension of the

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<sup>46</sup> Telegram; British Embassy, Washington DC to John Robinson (European Integration Department, FCO); “US Policy on Europe”; 19 March 1970; FCO 30/581; NAUK.

<sup>47</sup> Note; John Killick (FCO Assistant Under-Secretary of State); 24 March 1970; FCO 30/581; NAUK.

<sup>48</sup> Memo; Nathan Statham (Head of European Integration Department, FCO); “Visit of Mr. Katz, US State Department, May 1970”; 27 May 1970; CAB 164/455; NAUK.

<sup>49</sup> Minutes; “Record of Meeting between the Foreign and Commonwealth Secretary and the United States Secretary of State held at Dorney Wood”; 11 July 1970; FCO 7/1824; NAUK.

<sup>50</sup> Minutes; “Record of Meeting held at Chequers”; 3 October 1970, 11.40 a.m.; PREM 15/714; NAUK.

<sup>51</sup> Minutes; “Record of a Meeting between the Prime Minister and President Nixon at the White House”; 17 December 1970, 10.30 a.m.; PREM 15/161; NAUK.

<sup>52</sup> Minutes; “Record of Meeting between the Foreign and Commonwealth Secretary and the United States Secretary of States in the White House”; 17 December 1970, 10.30 a.m.; PREM 15/161; NAUK

facility would need to be negotiated. Following internal discussions at the Treasury, Paul Volcker, the Treasury Under-Secretary of State for International Monetary Affairs (1969-1974), informed the State Department that he was “inclined not to extend the Basle facility and that the Community should pick up the ball with respect to the sterling guarantee”. Although Volcker had “made up his mind”, Samuels managed to convince him that this could destabilise the UK’s entry negotiations.<sup>53</sup> The US Embassy in London welcomed Volcker’s decision to drop the idea, which would have “thrown the fat in the fire” of the UK-EC negotiations. Therefore State sought to maintain their hands-off posture.<sup>54</sup>

During Rippon’s visit to Washington in March 1971 EMU and sterling took a more prominent role than in previous ministerial discussions. The Anglo-American confrontation over Commonwealth association and agricultural levies also heated up during these meetings. Clarence Palmby, Assistant Secretary of Agriculture for International Affairs (1969-1972), pushed for clarification on the future of EC monetary affairs. Rippon assured him that EMU “need cause no difficulty”. It might involve a run-down of the sterling balances, thus helping to “take pressure off the reserve role of the dollar”. Rippon thought that this should be “welcomed in America”.<sup>55</sup> In Rippon’s talks with the State Department, Samuels once again raised monetary affairs. Rippon said that it “was not a matter for the negotiations” and that EMU was “a very long time ahead”.<sup>56</sup> Kissinger told Rippon at his meeting in the White House that Nixon strongly supported the UK application and that the US would “stay aside” during the process.<sup>57</sup> Although the question of EMU arose during Rippon’s visit to Washington, they were not lengthy or substantial discussions. The UK thought that it was not a major issue, while the US administration largely focussed on Anglo-American trade difficulties.

However, in March 1971 the issue of sterling entered into the forefront of Britain’s application to join the EC. This posed a threat to the negotiations and ultimately pushed Britain into a commitment to run down the sterling balances, ending its international reserve role. On 17 March 1971 at the EC Committee of Permanent Representatives, the French government circulated a memorandum that warned Britain that “there is a contradiction between its membership of the Community (which is moving towards an economic and monetary union)

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<sup>53</sup> Memo; John Griffith (Economic Officer for UK Affairs, State Department) to Stanley Cleveland (Minister for Economic and Commercial Affairs, US Embassy, London); “Basle Agreement”; 3 February 1971; Box 3; UK Records 1962-74; RG 59; NARA II. Memo; Mortimer Goldstein (Country Director for UK, State Department) to Cleveland; 19 February 1971; Box 3; UK Records 1962-74; RG 59; NARA II.

<sup>54</sup> Memo; Cleveland to Goldstein; 26 February 1971; UK Records 1962-74; RG 59; NARA II.  
<sup>55</sup> Minutes; “Record of Conversation between the Chancellor of the Duchy of Lancaster and the United States Secretaries of Agriculture and Commerce, Department of Agriculture, Washington”; 8 March 1971, 9.30 a.m.; CAB 164/970; NAUK.

<sup>56</sup> Minutes; “Record of Meeting between the Chancellor of the Duchy of Lancaster and the Deputy Under Secretary for Economic Affairs and Other State Department Officials: State Department”; 8 March 1971, 11.30 a.m.; CAB 164/970; NAUK.

<sup>57</sup> Minutes; “Record of Private Conversation between the Chancellor of the Duchy of Lancaster and the Assistant to the President of the United States for National Security Affairs: White House”; 8 March 1971, 5.45 p.m.; CAB 164/970; NAUK.

and the administration of an international reserve currency” which would turn Britain “into the centre of an extra-European zone”.<sup>58</sup> A few days later on 25 March 1971 Maurice Schumann, the French Minister of Foreign Affairs (1969-1973), clarified the memorandum, saying that the problem of sterling should not be viewed as a barrier to entry but that Britain must accept the rules if she wants to join the EC.<sup>59</sup> UK officials running the negotiations were surprised by the French intervention on the issue of sterling.<sup>60</sup> Soon after this Pompidou signalled to Heath, through secret talks between the British Ambassador in Paris Christopher Soames and the Secretary-General at the Élysée Palace Michel Jobert, that he wanted a bilateral meeting in order to resolve the outstanding issues on British accession.<sup>61</sup> In planning for the meeting Heath finally noted that the French “appeared to regard maintenance of the sterling area in some way incompatible with British membership of the Community”. He believed that they were partly influenced by “the feeling of inferiority” at sterling’s international status and the “possible burdens to the Community” under the Treaty of Rome’s mutual assistance clause.<sup>62</sup> Although not part of the negotiations, it appeared that the role and problem of sterling became important to gaining French support for UK entry into the EC.

At the Heath-Pompidou summit in Paris on 20-21 May 1971 Britain and France resolved the remaining core issues on the enlargement of the EC. This resulted in Heath’s commitment to run down the sterling balances, to remove the dollar guarantee of the sterling balances, and to accept the principle of EMU. At the first meeting, on 20 May, Pompidou told Heath that a basic principle of the EC was that each member’s currency had equal status. The sterling balances placed pressure on the value of the pound and made Britain dependent on the US dollar, through the Basle Agreement. He argued that the political power of the US, as a result of its monetary status, must be reduced. Heath assured Pompidou that the “government did not regard sterling as an instrument of prestige nor did they feel sentimental about it”. Heath accepted that the status of sterling should be equal to that of the other members. However, there would need to be a gradual transition and stabilising of the balances to prevent a monetary crisis amongst the Sterling Area countries.<sup>63</sup>

The next day, on 21 May, Pompidou told Heath that he was not yet satisfied with his assurances on sterling. Pompidou was “not wedded to the concept of figures; what mattered was

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<sup>58</sup> Memo; “The French Position on the Problem of Sterling and the Preferential Treatment Regarding Capital Movements”; 25 March 1971; T 295/799; NAUK.

<sup>59</sup> Ibid.

<sup>60</sup> O’Neill, Britain’s Entry, 124.

<sup>61</sup> Letter; Peter Moon (Private Secretary, Foreign Affairs to the PM) to Heath; 19 March 1971; PREM 15/369; NAUK. Telegram; Soames to Heath & Douglas-Home; “Telegram #374”; 27 March 1971; PREM 15/370; NAUK.

<sup>62</sup> Minutes; “Record of a meeting held by the Prime Minister at 10 Downing Street to discuss sterling with relation to Britain’s entry into the EC”; 4 May 1971; PREM 15/371; NAUK.

<sup>63</sup> Minutes; “Record of Conversation between the Prime Minister and the President of the French Republic in the Élysée Palace, Paris”; 20 May 1971, 10.00 a.m.; The Margaret Thatcher Foundation [online]: <http://www.margaretthatcher.org/archive/heath-eec.asp>

the question of principle". He told Heath that the reserve status of sterling "was a relic of the British empire...incompatible with the British decision to become a member of the European community". Heath confirmed that the government "accepted the principle of stabilisation". Heath then asked Pompidou that if "sterling was standing on its own feet" without a "dollar connection" would there no longer be a sterling problem. Pompidou reflected on the point for twenty seconds or so, and replied "I see none", indicating that the sterling-dollar connection was a greater obstacle than the existence of international sterling reserves.<sup>64</sup> On this basis, France would participate in the renewed Basle facility while the balances were progressively run down. The Anglo-French joint communiqué expressed to the public that Britain and France would cooperate on European economic and monetary matters.<sup>65</sup> Nevertheless, Heath felt the need to write to Nixon about the Pompidou talks, expressing the importance of "our relations with you across the Atlantic".<sup>66</sup>

From June 1970 to March 1971, the UK sought to exclude the issue of sterling and EMU from the EC enlargement negotiations. But this changed between March and May 1971. Solving the problem of sterling played an important part in the success of Britain's application to join the EC. Adding the UK economy and sterling to the EMU project represented a major step in the economic integration of the EC. However, throughout May 1971 and onwards a major monetary crisis started to brew. The West German mark floated on 10 May 1971 and the US liquidity balance of payments, which had undermined confidence in the dollar, was leading towards Nixon's attempt to reform the Bretton Woods system. This severely disrupted the movement towards EMU and shifted international monetary relations.

#### Nixon's New Economic Policy 1971

Throughout 1969-1971 the US balance of payments problem and state of the economy were key topics in US government circles. The administration faced Congressional pressure, with hundreds of protectionist measures circulating in the House of Representatives and Senate, including the Mills Bill (see chapter 4), which sought to protect the US trade position and improve the overall balance of payments. Moreover, with the upcoming 1972 presidential election, Nixon sought to improve and protect the US economy. Therefore, Nixon introduced the "New Economic Policy" on 15 August 1971, which broke the dollar's convertibility into gold, imposed a wage and price freeze, and established international trade barriers. This led to four months of negotiations between the US and the major economies of the Western alliance,

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<sup>64</sup> Minutes; "Record of Conversation between the Prime Minister and the President of the French Republic in the Élysée Palace, Paris"; 21 May 1971, 10.00 a.m.; The Margaret Thatcher Foundation [online]: <http://www.margaretthatcher.org/archive/heath-eec.asp>

<sup>65</sup> Memo; "Mr. Heath – M. Pompidou Meeting – Communiqué"; 21 May 1971; PREM 15/372; NAUK.

<sup>66</sup> Letter; Heath to Nixon; 27 May 1971; PREM 15/715; NAUK.

re-establishing monetary cooperation and contributing towards the creation of a new monetary system.

In the many studies on the Nixon administration historians have considered the detail and motivations behind the NEP. The orthodox histories tended to focus on Watergate and foreign policy and so reform of the Bretton Woods system received less attention. Stephen Ambrose's brief narrative account of Nixon's NEP argued that "he did what he did with the 1972 re-election campaign in mind".<sup>67</sup> The void in detailed analysis of economic policy in early Nixon studies has been filled by Nixon revisionists, making use of Nixon papers released in the 1990s and 2000s.<sup>68</sup> Yet they took a similar position to Ambrose. Allen Matusow's study concluded that "Nixon had no firm convictions on economic policy except that prosperity was essential for winning elections...Politics, therefore, was the one constant".<sup>69</sup> This chapter supports the view that politics and the election cycle played an important role in the formation of economic policy. However, the need to correct the fundamental economic flaws in the system proved to be the central motivating factor in the dismantling of Bretton Woods.

Nixon's key economic advisors, and the architects of the NEP, known as the "Quadriad", included the Chairman of the Federal Reserve Board (the Fed) Arthur Burns (1970-1978), the Chairman of the Council of Economic Advisers (CEA) Paul McCracken (1969-1971), who had also served on the council when Nixon was vice-president, the Director of the Office of Management and Budget (OMB) George Shultz (1970-1972), and the Secretary of the Treasury John Connally (1971-1972), who were all present at the 13-14 August 1971 weekend at Camp David for the finalising of the NEP.<sup>70</sup> Also important in this area (and present at Camp David) were Herbert Stein, a Republican economist appointed by Nixon to sit on the CEA (Member 1969-1971, Chairman 1972-1974), and Paul Volker.

Stein, McCracken, and Shultz were all influenced by Milton Friedman's theories on monetarism, in particular on the importance of a constant rate of growth of the money supply in stabilising the economy.<sup>71</sup> These "conservative" free-market economists were opposed to wage and price controls, and also supported floating exchange rates, a growing trend amongst academic economists in the late 1960s.<sup>72</sup> Connally particularly took a leading role on the

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<sup>67</sup> Ambrose, Nixon: The Triumph of a Politician, 431. Robert Dallek's book Partners in Power did not cover the policy or events, which is similar to the many Nixon books centred on foreign policy.

<sup>68</sup> Greenberg, Nixon's Shadow, 320-321. Matusow, Nixon's Economy, 43.

<sup>69</sup> Matusow, Nixon's Economy, 303-304.

<sup>70</sup> David Kennedy, US Secretary of the Treasury (January 1969-January 1971) played an important part in the early development of monetary reform. Another policy group often referred to in the government papers was the "Troika" – Chairman of the CEA, Director of the OMB, and the Secretary of the Treasury.

<sup>71</sup> Stein, Presidential Economics, 139-140 & 145.

<sup>72</sup> Harry G. Johnson, "The Case for Flexible Exchange Rates, 1969", The Federal Reserve Bank of St. Louis Review, June 1969, 12-24. Milton Friedman & Robert Roosa, The Balance of Payments: Free versus Fixed Exchange Rates (Washington D.C.: American Enterprise Institute, 1967). Milton Friedman, Dollars and Deficits: Inflation, Monetary Policy and the Balance of Payments (Englewood Cliffs, New Jersey: Prentice-Hall, 1968).

political side of the NEP. Nixon told Kissinger on 16 August 1971 that “On the economic announcement, Connally was the big wheel on this. He did a hell of a job. We pulled it off together”. Also taking a central role on the political side was Haldeman, the White House Chief of Staff. Kissinger, usually at the centre of major policy decisions, told Nixon that “I don’t know anything about these things”, and thus found himself on the sidelines in the development of monetary policy options.<sup>73</sup> In the built-up to the August 1971 announcement, Kissinger and the State Department were unaware of the impending changes, and did not take part in the Camp David weekend.<sup>74</sup>

The State Department’s lack of participation became apparent to the British government shortly after the NEP announcement. Following early discussions between British and American officials on 17 August 1971, the British Embassy in Washington reported back to the FCO that the “State Department...appears to have had little, if any, part in the final process of decision-making” and that they were unable to provide basic information on US monetary policy, thus indicating that the State Department was out of the loop.<sup>75</sup> Later, in November 1971, Cromer reported on the “emergence of Connally as the effective overlord in the economic and monetary field”. Moreover, Rogers “has no direct line to the president”, while State Department officials “often do not know what is going on, even as well as we do, and are increasingly disloyal about the White House”.<sup>76</sup> The divide between the White House and the government departments filtered into Anglo-American diplomatic circles.

Throughout the 1960s the US ran a federal budget deficit, one of the key contributing factors to the US liquidity deficit, undermining the Bretton Woods system. In table 8, column B, below, is displayed the federal budget deficit / surplus, and column C shows the breakdown of government expenditure in the two largest groups – national defence and human resources (comprising mainly of education services, social security, and since 1967, Medicare). Large budget deficits often occurred during periods of war. The US budget deficit grew from \$1.4 billion in 1965 to \$23 billion in 1971. This can firstly be accounted for by the Vietnam War years of escalation 1965-1968, when defence expenditure went from 42.8% to 46% of the budget. Moreover, throughout the 1950s and 1960s, the US had large numbers of troops stationed in Europe, the cornerstone of Nixon’s Cold War policy. However, the Nixon doctrine and the pursuit of détente had reduced military spending to 31.2% of the budget by 1973, a 15% decrease.

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<sup>73</sup> Telecon; Nixon to Kissinger; 16 August 1971; Box 11, File 2; Kissinger Telecons: Chronological File; NPM; NPL.

<sup>74</sup> Kissinger, The White House Years, 954. Department of State, Foreign Relations of the United States (FRUS) 1969-1974, Vol. 3: Foreign Economic Policy, 1969-1972; International Monetary Policy 1969-1972 (Washington: United States Government Printing Office, 2001), 466-467, Editorial Note 168.

<sup>75</sup> Telegram; British Embassy (Washington D.C.) to FCO; “US Economic Measures: Import Surcharge”; 17 August 1971; PREM 15/309; NAUK.

<sup>76</sup> Letter; Lord Cromer to Sir Denis Greenhill (Permanent Under-Secretary of the FCO); 12 November 1971; FCO 82/45; NAUK.

The second reason for the massive rise in the budget deficit can be accounted for by the Great Society programs of the Johnson administration, and continued under Nixon, which implemented programs for education and health improvement, including health insurance through Medicare and Medicaid. Expenditure in this area went from \$1.8 billion (2.0% of expenditure) in 1945 to \$119.5 billion (48.6% of expenditure) in 1973, a massive increase.

**Table 8: US Budget and Balance of Payments<sup>77</sup>**

Column A	Column B	Column C		Column D	Column E
Year	Federal Budget Surplus / Deficit (billions US \$)	US Government Expenditure (billions of US \$ and % of total budget)		Balance of Trade and Services (billions US \$)	Foreign Official Assets in the US (billions US \$)
		National Defence	Human Resources (Social Security)		
1945	- 47.6	83.0 (89.5%)	1.9 (2.0%)	n.a.	n.a.
1948	+ 11.8	9.1 (30.6%)	9.9 (33.2%)	n.a.	n.a.
1953	- 6.5	52.8 (69.4%)	11.8 (15.6%)	n.a.	n.a.
1965	- 1.4	50.6 (42.8 %)	36.6 (30.9 %)	+ 4.7	+ 0.1
1966	- 3.7	58.1 (43.2 %)	43.3 (32.2 %)	+ 2.9	- 0.7
1967	- 8.6	71.4 (45.4 %)	51.3 (32.6 %)	+ 2.6	+ 3.5
1968	- 25.2	81.9 (46.0 %)	59.4 (33.3 %)	+ 0.3	- 0.8
1969	+ 3.2	82.5 (44.9 %)	66.4 (36.2 %)	+ 0.09	- 1.3
1970	- 2.8	81.7 (41.8 %)	75.3 (38.5 %)	+ 2.3	+ 7.8
1971	- 23.0	78.8 (37.5 %)	91.9 (43.7 %)	- 1.3	+ 27.6
1972	- 23.0	79.2 (34.3 %)	107.2 (46.5 %)	- 5.4	+ 11.2
1973	- 15.0	76.7 (31.2 %)	119.5 (48.6 %)	+ 1.9	+ 6.0

In order for the US government to fund the persistent federal budget deficits throughout the 1960s, government borrowing went up, particularly through foreign purchases of government and Treasury securities (debt), as displayed in column E of table 8 – foreign official assets in the US. This increased between 1965 and 1971 from \$100 million to \$27.6 billion. One effect of high government expenditure and foreign borrowing was inflation because of the

<sup>77</sup> Columns B and C taken from the Office of Management and Budget, Historical Tables: Budget of the US Government – Fiscal Year 2010 (Washington D.C.: US Government Printing Office, 2009), 21-22 & 47-50. Data presented are nominal and consistent with 2010 budget concepts, covering federal fiscal years (1 July to 30 June). Columns D and E are nominal and are taken from the US Department of Commerce: Bureau of Economic Analysis, “US International Transactions: 1960-present” [online]: <http://www.bea.gov/international/index.htm#bop> Also see Patricia Hagan Kuwayama, “Measuring the United States Balance of Payments”, Federal Reserve Bank of New York: Monthly Review, Vol. 57, No. 8, August 1975, 183-194. Gavin, Gold, Dollars, & Power, 203-208.

increased supply of US dollars, thus also making US exports more expensive.<sup>78</sup> As shown in column D of table 8, the US balance of trade and services remained in surplus throughout the 1960s – the US exported more than it imported, which supported the overall economy despite liquidity deficits. However, the trade surplus steadily decreased due to competition from the EC and Asia, and a rise in US prices. The key year was 1971. The US recorded a deficit in its trade and services balance (for the first time since 1893) of \$1.3 billion, the budget deficit grew from \$2.8 billion in 1970 to \$23 billion in 1971 and foreign holdings of US official securities more than tripled to \$27.6 billion between 1970 and 1971. This deficit on three fronts contributed towards a lack of confidence in the dollar as an international reserve currency, a major factor in the monetary crisis of 1971.<sup>79</sup>

The Nixon administration considered the reform and dismantling of the Bretton Woods system over a long period of time, and thus it was not a sudden policy based solely on short-term economic and political strains, but on the long-term US balance of payments problem and fundamental flaws in the monetary system. On entering office, Nixon received a transitional task force report on the balance of payments, which noted its “precarious” position and that protective measures were needed, such as the “pursuit of disinflationary economic policies domestically”. It also called for international measures – the US needed to seek “a significant realignment of parities” of currencies, as well as “wider trading bands for currencies” above the 1% band in which currencies could fluctuate under the Bretton Woods agreement. Finally, the report pointed out that such reform would not solve the issue of “the present de facto inconvertibility of the dollar into gold”. It warned and advised that if “a gold rush develops, the United States should suspend gold convertibility”.<sup>80</sup> Therefore the idea of major reform of the international monetary system, through currency realignments and the abandonment of the gold exchange standard, had been seriously considered under the Johnson administration and at the very beginning of Nixon’s first term in office.

Highly developed contingency plans on the reform of the international monetary system, shaped by Nixon’s key economic advisers at a top-secret level in order to avoid market instability, continued from 1969 until the August 1971 announcement. On his first day in office, Nixon established a permanent working group, known as the Volcker Group after its Chairman Paul Volcker, which dealt with policy alternatives with regards to the balance of payments and the functioning of Bretton Woods, thus an acknowledgement of the growing instability in the

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<sup>78</sup> Justin Murray & Marc Labonte, “Foreign Holdings of Federal Debt”, Congressional Research Service, Order Code RS22331, 25 March 2011.

<sup>79</sup> Charles A. Coombs, “Treasury and Federal Reserve Foreign Exchange Operations”, Federal Reserve Bank of New York: Monthly Review, Vol. 53, No. 10, October 1971, 214.

<sup>80</sup> Report; “Summary of the Report of the Task Force on US Balance of Payments Policies”; 18 January 1969; Transitional Task Force Reports (1968-69); NPM; NPL. An inter-agency group, headed by the Harvard University economist Gottfried Haberler.

world economy and the need for reform.<sup>81</sup> A central finding of the Volcker Group's first study was that the gold convertibility link threatened stability in the monetary system, and so the government needed to address the problem of "how to move out of this commitment in a graceful manner without causing undue disturbance to the monetary system".<sup>82</sup> The Volcker Group supported an evolutionary approach to change through international cooperation, and leaned towards the adoption of limited flexible exchange rates and an increase in the amount of SDRs to provide liquidity. This approach gained the support of the CEA, especially on the "merits of limited exchange rate flexibility".<sup>83</sup> From September 1969 and throughout 1970 the US pressed ahead in discussing with the key economic powers, through the Group of 10 (G-10), the World Bank, and the IMF, the reform of the international monetary system.<sup>84</sup> The US initiative met with divided and uncertain opinion from the UK, France, Germany, Japan, and other developed countries, and so the international community made little progress in reaching agreement in adjusting the Bretton Woods system.<sup>85</sup>

However, volatile foreign exchange markets in May 1971 and a growing US balance of payments deficit spurred on the Nixon administration to take drastic unilateral action. The US Treasury prepared a contingency paper, in which it backed the suspension of gold convertibility and the imposition of trade restrictions. While it noted that the foreign response would be to blame the US for the crisis, these were "necessary" measures to use "as negotiating leverage" and that "only in an atmosphere of crisis and disturbance" could change come about. Importantly, the paper argued that the specific objectives of the US ought to be "a significant revaluation of the currencies of major European countries and Japan", "greater rate flexibility" and the "phasing out of gold". Thus, the Treasury opposed a devaluation of the US dollar against the price of gold and the re-establishment of Bretton Woods, but drove the case for the long-term abandonment of a gold exchange standard and fixed exchange rate, and forcing other countries to revalue against the dollar. The paper noted that the EC would oppose such action in light of "their hopes for establishing monetary unity" and that France would want to "reduce US

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<sup>81</sup> Memo; "NSSM 7: US International Monetary Policy"; 21 January 1969; Box H-129; NSC Institutional Files: Study Memo: NSSM; NPM; NPL. The members of the Volcker Group were C. Fred Bergsten (NSC Assistant for International Economic Affairs, 1969-1971), J. Dewey Daane (Federal Reserve Board of Governors, 1963-1974), Hendrik S. Houthakker (CEA, 1969-1971), and Nathaniel Samuels (Deputy Under Secretary of State for Economic Affairs, 1969-1972).

<sup>82</sup> Study; Volcker Group; "Long-Term Aspects of US Monetary and Exchange Policies"; No Date (ND); Department of State, FRUS, Vol. 3, 292-298, Document 111.

<sup>83</sup> Memo; McCracken to Nixon; "Basic Options in International Monetary Affairs"; 25 June 1969; Department of State, FRUS, Vol. 3, 351, Document 131.

<sup>84</sup> The G-10, established in 1962 under the "General Arrangement to Borrow", a supplementary credit arrangement for the IMF, included the countries Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, the UK, and the US. See IMF [online]: <http://www.imf.org/external/np/exr/facts/groups.htm#G10>

<sup>85</sup> Memo; Kennedy (Secretary of the Treasury) to Nixon; "US Initiative on International Monetary Reform"; 19 September 1969; Department of State, FRUS, Vol. 3, 369-371, Document 138.

hegemony”. Thus, the paper anticipated a period of tough international negotiations in the monetary field.<sup>86</sup>

The US Treasury paper also called for expenditure cuts, particularly in defence, arguing for “a fairer sharing of the balance of payments and budgetary costs of the military burden”.<sup>87</sup> This fitted in with the administration’s policy review of NATO and the Atlantic Alliance 1969-1970, which supported a greater burden sharing effort from the European powers for the security of Europe against the Soviet Union and the Warsaw Pact.<sup>88</sup> This view also carried the backing of the Congress. Senate leader Mike Mansfield, who believed that the US military role in Europe harmed the value of the dollar and caused monetary crises, wanted to take the more extreme action of cutting US troop levels in Europe by half, a measure which the administration strongly opposed.<sup>89</sup> Two days after the preparation of the Treasury’s contingency paper, on 10 May 1971, West Germany allowed the Deutschmark to float, which put more pressure on the dollar.

Nixon essentially agreed to the Treasury’s contingency measures at a meeting with Connally on 2 August 1971. Haldeman noted in his diary “a huge economic breakthrough based on the international monetary situation which would provide for closing the gold window, the floating of the dollar, a wage and price freeze...and the imposition of a 10% import tax quota”.<sup>90</sup> These four measures formed the NEP. At Camp David, 13-14 August 1971, Nixon’s key economic advisers finalised the details of the NEP and its political presentation.<sup>91</sup> On Sunday 15 August 1971 Nixon announced the measures on television.<sup>92</sup> It attempted to deal with three economic problems. Firstly, the wage and price freeze aimed to curb inflation, and thus improve the US trade position. Secondly, the closing of the gold window and a floating dollar would force multilateral reform and an adjustment / revaluation of world currencies and exchange rates, restoring international monetary confidence. Thirdly, the 10% surcharge on imports into

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<sup>86</sup> Study; Treasury Department; “Contingency”; 8 May 1971; Department of State, FRUS, Vol. 3, 423-427, Document 152.

<sup>87</sup> Ibid.

<sup>88</sup> Memo; “NSSM 83: US Approaches to Current Issues on European Security”; 21 November 1969; Box H-026; NSC Institutional Files: Policy Papers: NSSM; NPM; NPL.

<sup>89</sup> US Senate, ‘Reduction of United States military forces in Europe’, Congressional Record, 117:11 (11 May 1971), 14398.

<sup>90</sup> H.R. Haldeman, The Haldeman Diaries: Inside the Nixon White House (New York: G.P. Putnam Sons, 1994), 335.

<sup>91</sup> There are no official minutes of the 13-14 August 1971 Camp David meetings but Haldeman recorded the events at length in his diary. See Haldeman, The Haldeman Diaries, 340-346. Haldeman also took handwritten notes, see H. R. Haldeman Personal Files: Haldeman Notes: July-September 1971; WHSP: Staff Member and Office Files (SMOF): H.R. Haldeman; NPM; NPL. Also see Alpha Subject Files: August 15 Speech 1971; WHSP: SMOF: H.R. Haldeman; NPM; NPL. There are also accounts available from Burns and Stein. See Robert Ferrell, ed., Inside the Nixon Administration: The Secret Diary of Arthur Burns 1969-1974 (Lawrence, Kansas: University Press of Kansas, 2010), 48-54 and Stein, Presidential Economics, 175-180. For Nixon’s version see Nixon, The Memoirs, 515-522.

<sup>92</sup> Speech; Nixon; “Address to the Nation Outlining a New Economic Policy: The Challenge of Peace”; 15 August 1971; American Presidency Project [online]: <http://www.presidency.ucsb.edu/ws/?pid=3115>

the US would seek to improve the US trade balance, while forcing trade negotiations with Europe and Japan. This move represented US national and unilateral action to improve the US domestic and international economic position.

Another major factor influencing Nixon's economic policy, the upcoming 1972 presidential election, showed the importance of politics in the administration's policymaking. Nixon implemented measures which inflated the economy and pushed for growth, despite a liquidity balance of payments deficit and an overvalued dollar, in order to gain support for the election from key sectors of the economy. Nixon displayed the strong political motivations behind the 15 August 1971 announcement in a conversation with Kissinger the next day, telling him that "we stirred them up a little...So many have said that it was like the China news. It reminds people of that again". Kissinger responded with "you scored another coup...It was absolutely spectacular...you never make little news, it is always big news".<sup>93</sup> This showed the concern of Nixon and Kissinger for the publicity side of the announcement, which, like the opening of China, projected an image of strong leadership and bold policies.<sup>94</sup>

Many historians have focussed attention on whether or not Nixon applied pressure on the Fed Chairman Arthur Burns to implement economic policies that would suit the election cycle.<sup>95</sup> In the build up to the 1972 election, the Fed pursued an expansive monetary policy and established easy credit conditions. By increasing the money supply and lowering interest rates the Fed helped to fuel growth, but this created a US domestic bubble and caused inflation. This happened despite Burns believing that the economy needed deflation, tax increases, government expenditure cuts, and wage and price control policies. Burns noted in his diary on 23 November 1970 that "what the boys that swarm around the White House fail to see is that the country now faces an entirely new problem – namely, a sizable inflation in the midst of recession" and that the "more rapid expansion of the money supply cannot be the answer".<sup>96</sup> Yet the money supply increased vastly from 1970 to 1972. The M1 measurement – liquid forms of money, such as currency and travellers cheques – went from 4.51% in 1970 to 7.56% in 1972. The M2 measurement – M1 plus savings accounts under \$100,000 and fixed term deposits – increased from 7.36% to 11.65%, between 1970 and 1972.<sup>97</sup> The annual average Federal Reserve discount rate – the interest rate it charged banks that borrowed reserves – fell from 5.95% in 1970 to

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<sup>93</sup> Telecon; Nixon to Kissinger; 16 August 1971; Box 11, File 2; Kissinger Telecons: Chronological File; NPM; NPL.

<sup>94</sup> The strong influence of politics on the August 1971 decision is a view supported by most histories on this topic. Joanne Gowa, Closing of the Gold Window: Domestic Politics and the End of Bretton Woods (New York: Cornell University Press, 1983).

<sup>95</sup> Burton Abrams, "How Richard Nixon Pressured Arthur Burns: Evidence from the Nixon Tapes", The Journal of Economic Perspectives, Vol. 20, No. 4, 2006, 177-188. Robert Keller & Ann Mari May, "The Presidential Political Business Cycle of 1972", The Journal of Economic History, Vol. 44, No. 2, 1984, 265-271.

<sup>96</sup> Ferrell, ed., The Secret Diary of Arthur Burns, 28.

<sup>97</sup> Abrams, "How Richard Nixon Pressured", 178. For weekly and monthly money supply statistics, in terms of dollars, see "Monthly Historical Money Stock Tables", The Federal Reserve System [online]: <http://www.federalreserve.gov/releases/h6/hist/>

4.5% in 1972.<sup>98</sup> The increased money supply added to the problem of an overvalued fixed exchange rate system at \$35 an ounce of gold, while the lower interest rates also led to an outflow of capital from the US, in search of higher returns, both of which undermined the Bretton Woods system.

He implemented this policy despite wanting to preserve the Bretton Woods system. Burns noted the pressure he came under from the administration in a meeting with Nixon on 5 March 1971, saying that:

The president looked wild; talked like a desperate man; fulminated with hatred....I am convinced that the president will do anything to be re-elected....The harassing of the Fed by the president and his pusillanimous staff will continue and may even intensify.<sup>99</sup>

John Ehrlichman believed that “Nixon was determined to control the Fed” and that Nixon often went about “lecturing – even scolding Arthur Burns about what the Fed must do to free up the money supply”.<sup>100</sup> Nixon put pressure on Burns to implement monetary policies that would support the expansion of the economy and help in his election campaign. However, these policies also harmed the Bretton Woods system, contributing towards the economic crisis of August 1971. At the 13-14 August 1971 Camp David meeting on the NEP, Burns believed that “there was little room for doubt...that he [Nixon] was governed mainly, if not entirely, by a political motive...for the campaign of 1972”.<sup>101</sup> This contributes towards revealing the political nature of Nixon’s economic policies and the state of relations between the Fed and the White House.

#### Anglo-American Relations and the Disintegration of Bretton Woods, August-December 1971

Nixon’s unilateral action on monetary reform caused a crisis in Anglo-American relations and represented a breakdown in communication between the two allies. Throughout late 1970 and early 1971, the US and UK had faced tough trade negotiations over Commonwealth association, agricultural levies, and Congressional protectionism, which had created serious tension in Anglo-American relations. Then one month before the NEP announcement, on 15 July 1971, came the first “Nixon shock” – his abrupt announcement on the opening of China, made without consultation with the UK. Belatedly, Nixon sent a lengthy

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<sup>98</sup> “Average Discount Rate on Loans to Member Banks, 1956-2002”, The Federal Reserve System [online]: <http://www.federalreserve.gov/releases/h15/data.htm>

<sup>99</sup> Ferrell, ed., The Secret Diary of Arthur Burns, 37-38.

<sup>100</sup> Ehrlichman, Witness to Power, 244. Assistant to the President for Domestic Affairs, 1969-1973.

<sup>101</sup> Ibid., 53.

message to Heath “in the spirit of our frequent consultations”.<sup>102</sup> Privately, the Heath government were disappointed with the lack of consultation, which Kissinger acknowledged.<sup>103</sup>

Then on 15 August 1971 came the second “Nixon shock”, and once again the UK government were not informed beforehand. Nixon told Heath that the measures were “necessary to preserve confidence in the dollar” and maintain monetary stability.<sup>104</sup> The UK government’s immediate reaction displayed anger at the US measures. A draft letter from Heath to Nixon on 18 August 1971 threatened to take retaliatory action, arguing that the US “can have no justified complaint of unfairness” against the UK and that “the United Kingdom will have to consider any necessary measure to counter its effect”.<sup>105</sup> Both the FCO and the Department of Trade and Industry (DTI) insisted on the removal of the threat from the letter because it would “provoke a hardening of attitudes and lead to the trade war which we all fear”.<sup>106</sup> Lord Cromer advised the FCO from Washington that it “would be a mistake to react too tragically to the lack of prior consultation”. But he also noted that the episode revealed that “the Americans no longer consider it necessary to consult with the UK as an imperial or world power. They consult us when it is useful...not because they have to”. Heath scribbled on the letter “a lot of sense in this”.<sup>107</sup> Heath contacted the French President Pompidou and the German Chancellor Brandt expressing his view that Nixon’s actions had “destroyed...exchange rates, erected new barriers to trade...and undermined the foundation of the system...established in 1946”.<sup>108</sup> Moreover, he “deplored the imposition of a surcharge on imports”, a barrier to free trade.<sup>109</sup> Thus the unilateral and far-reaching action created an immediate crisis in Anglo-American relations and represented a breakdown of communications and cooperation.

Heath met with the Chancellor of the Exchequer Anthony Barber and Treasury officials on 16 August 1971 to set out their key objectives. The NEP had led to the closing of exchange markets in Western Europe and Japan, which added to the atmosphere of monetary crisis. They decided that “in the long term” the UK government would “try to remould” the international monetary system “into a new system which was not dependent on the United States”. This had been an earlier concern of Heath’s in a 1969 Foreign Affairs article, when he asked the question “can the European countries agree on a viable alternative to American domination of the international monetary system?”<sup>110</sup> In terms of short-term tactics, the government decided that

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<sup>102</sup> Letter; Nixon to Heath; 11 August 1971; PREM 15/715; NAUK.

<sup>103</sup> Memo; “Record of Conversation between M. Butler (British Embassy, Washington D.C.) and Mr. Sonnenfeldt (NSC Staff Member)”; 21 October 1971; FCO 82/64; NAUK.

<sup>104</sup> Letter; Nixon to Heath; 15 August 1971; PREM 15/309; NAUK.

<sup>105</sup> Draft Letter; Heath to Nixon; 18 August 1971; PREM 15/309; NAUK.

<sup>106</sup> Letter; Paul Twyman (Private Secretary, DTI) to Robert Armstrong (Heath’s Principal Private Secretary); 19 August 1971; Letter; N. Barrington (FCO) to Robert Armstrong; 19 August 1971; PREM 15/309; NAUK.

<sup>107</sup> Letter; Cromer to Douglas-Home; 15 August 1971; PREM 15/309; NAUK.

<sup>108</sup> Letter; Heath to Pompidou; 24 November 1971; PREM 15/326; NAUK.

<sup>109</sup> Memo; “Note of a Meeting at 10 Downing Street”; 16 August 1971, 11.20 a.m.; PREM 15/309; NAUK.

<sup>110</sup> Heath, “Realism in British Foreign Policy”, Foreign Affairs, Vol. 48. No. 1, 1969, p. 45.

in order to improve the UK's competitive position it would be better for other currencies to be re-valued in terms of the dollar, while convincing the "Americans and Europeans of the economic case for our not re-valuing in terms of the dollar". Finally, the government wanted to "insist that the surcharge should be removed as soon as the re-alignment of parities took effect".<sup>111</sup>

Initial discussions between the UK and US revealed major differences on the substance of the NEP, as well as tension over the unilateral and sudden nature of the announcement. Paul Volcker arrived in London on 16 August 1971 for major talks with the UK government and the Bank of England, and later with officials from France, Germany, Italy, and Japan. Barber said that the US had "created a very difficult situation". He argued that the dollar was out of line and therefore the US should make a moderate increase in the price of gold, a devaluation of the dollar. The Governor of the Bank of England Sir Leslie O'Brien wondered why "everyone else had to accept a dollar world" and why the US administration "were not willing to make any change as regard their parity"? Volcker defended the US position, saying that the decision, taken "reluctantly", was justified in terms of the need to improve the US balance of payments. Moreover, the US Congress would not accept a rise in the price of gold, and that the "whole system had to be reshaped". This displayed US power in the monetary system, as the chief source of an international reserve currency.

Barber and O'Brien also complained about the import surcharge. Volcker said that he "did not like the measure at all" and that he hoped that the White House would remove it after an agreement on a general realignment of currencies and trade liberalisation. This initial meeting indicated major differences on how to solve the monetary crisis and that the US would take a strong line to protect the value of the dollar in forthcoming negotiations. At the end of the meeting, Barber and O'Brien spoke to Volcker privately, assuring him that although the UK were "compelled to take a strong line to protect our interests", this did not "denote unfriendliness towards the US" or a "lack of understanding of their problem". Thus despite the major policy differences, and tension over the manner of the announcement, the UK sought to protect the overall close Anglo-American relationship.<sup>112</sup>

Following the Volcker discussions, Heath met with Barber and O'Brien, where he indicated that the EC countries should seek to work together on monetary policy. They agreed that if possible the UK should "reach agreement with the Six by the weekend on a new pattern of parities among the European countries". Moreover, if they failed to reach agreement by the weekend then the London market would have to be re-opened by Monday 23 August 1971. In which case, the UK government hoped for "the European countries to float as a bloc against the

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<sup>111</sup> Memo; "Note of a Meeting at 10 Downing Street"; 16 August 1971, 11.20 a.m.; PREM 15/309; NAUK.

<sup>112</sup> Memo; "Note of a Meeting in the Chancellor of the Exchequer's Room, Treasury Chambers"; 16 August 1971, 3.00 p.m.; PREM 15/309; NAUK.

dollar”. The UK government wanted to work with the EC and other European countries in responding to the crisis.<sup>113</sup>

Meetings between Barber and the EC ministers in Brussels from 19 to 21 August 1971 failed to reach a common plan, which contributed towards prolonging the monetary instability and rupturing the movement towards EMU. Barber noted the “friendly atmosphere” and that the UK’s discussions with the Six displayed “an interchange of views among equals”. Barber expressed the UK’s desire to work with the EC on a solution to the monetary crisis. However, the Six failed to agree amongst themselves because “of the difficulty of agreeing on the degree of anti America-ness which should be adopted”.<sup>114</sup> On Monday 23 August the Western European exchange markets re-opened after one week. The Bank of England and the Treasury announced that the parity of sterling remained unchanged at \$2.40 to £1. However, they set no upper limit and the parity adjusted according to the market and government intervention (seeking to keep it below \$2.50). By 27 August, the sterling-dollar parity had risen to \$2.47. France and Belgium established a “double exchange market”, one commercial (for trade), and the other for finance and capital, an attempt at major currency control to protect the exchange rate from monetary flows. Meanwhile Japan, which had tried to maintain the parity of ¥360 to \$1, allowed the yen to provisionally float on 27 August.<sup>115</sup> This effectively brought in a 4 month period of “dirty” floating exchange rates - whereby governments and central banks occasionally intervened to change the direction in the value of their currencies – until the Smithsonian Agreement at the G-10 meeting on 18 December 1971, which realigned currencies and re-established a fixed exchange rate.

On 24 August 1971 Heath asked the DTI to put together contingency plans for retaliatory action against the US import surcharge, indicating that he still supported the possibility of strong action against the US. That same day the GATT established a working party to investigate the measures.<sup>116</sup> Heath also showed concern about an investment tax credit, also announced by Nixon in the NEP, which sought to promote US machinery and equipment companies.<sup>117</sup> The subsequent DTI report noted that the US measures would reduce UK exports to the US by £180 million, or 14%, in one full year (by August 1972). The DTI concluded that the only effective retaliation “would be a similar action against US exports to the UK”. However, the report noted that the “EEC...did not intend to take retaliatory action at present for fear of aggravating the problems”, which was an important warning because Heath wanted to work closely with the EC in responding to the NEP. Nevertheless, Heath believed that “we must

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<sup>113</sup> Memo; “Note of a Meeting held at 10 Downing Street”; 16 August 1971, 7.50 p.m.; PREM 15/309; NAUK.

<sup>114</sup> Note; Armstrong to Heath; 20 August 1971; PREM 15/309; NAUK.

<sup>115</sup> Paper; “A Chronology of Events following the Nixon Economic Measures announced on 15 August 1971”; 28 October 1971; FCO 49/337; NAUK.

<sup>116</sup> Memo; “United States Temporary Import Surcharge”; GATT Council; 25 August 1971; GATT Digital Library 1947-1994 [online]: <http://gatt.stanford.edu/page/home>

<sup>117</sup> Telegram; Guy Millard (Minister, British Embassy, Washington D.C.) to FCO; “US Economic Measures: Investment Tax Credit”; 7 September 1971; PREM 15/310; NAUK.

be prepared” and that “it gives us a bargaining position with the US”.<sup>118</sup> The UK government’s consideration of retaliation against the US displayed the breakdown in Anglo-American economic cooperation.

Following on from the first week of the monetary crisis, Whitehall launched a major investigation and policy review into the measures. Two key personal advisers to Heath on the monetary crisis were Lord Cromer and Brian Redding. Lord Cromer had also experienced a long banking career in the City, followed by a stint as Governor of the Bank of England, 1961-1966. His initial reaction to the NEP was that “the old concept that the dollar and sterling should stand together as the two major trading currencies is now obsolete. Sterling is not of the importance that it used to be; the dollar alone really matters”. As a solution he argued for “a European monetary bloc of a scale that signifies”, which Heath supported as a long term plan. This showed the beginning in a change of attitude towards the traditional Anglo-American monetary relationship.<sup>119</sup>

Brian Redding, based in the Cabinet Office (1966-1972), advised Heath on economic matters. His first report to Heath also supported working with Europe on forming a common position. Redding called for “the creation of a truly international reserve system which winds up the use of sterling and dollars in international trade”.<sup>120</sup> Heath commented that it was “an impressive analysis” and wanted to know “how does our strategy line up with this?”<sup>121</sup> Redding then investigated the issue further, concluding that “the system to be aimed at is therefore the same as Keynes originally proposed” at the Bretton Woods conference in 1944. He urged the government to take the initiative and push the agenda of developing a world currency, like the Bancor (as proposed by Keynes) or the increased use of Special Drawing Rights (SDRs).<sup>122</sup> This would help fulfil Heath’s commitment to Pompidou in May 1971 to run down the sterling balances. Heath considered it “a powerful piece” and that “it is just possible that this is a moment in history when this could be achieved”.<sup>123</sup> Robert Armstrong, Heath’s Principal Private Secretary, was sceptical as to whether it “would be much easier now than it was in 1945 to accept a real international central bank”. He also warned that the UK would “be jumping well

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<sup>118</sup> Report; DTI; “The United States Surcharge and Discriminatory Tax Credit: Possible Retaliatory Action by the United Kingdom”; 27 August 1971; PREM 15/310; NAUK. Heath’s comment was handwritten on the report, dated 31 August 1971.

<sup>119</sup> Letter; Cromer to Douglas-Home; 15 August 1971; PREM 15/309; NAUK.

<sup>120</sup> Report; Redding to Heath; “The International Monetary Crisis”; 13 September 1971; PREM 15/310; NAUK.

<sup>121</sup> Note; Heath to Armstrong; 18 September 1971; PREM 15/310; NAUK. It’s handwritten on the front page of the Redding report.

<sup>122</sup> Report; Redding to Heath; “International Monetary Crisis”; 23 September 1971; PREM 15/310; NAUK.

<sup>123</sup> Note; Heath to Armstrong; 24 September 1971; PREM 15/310; NAUK. It’s handwritten on the front page of the Redding report.

ahead of our European partners”.<sup>124</sup> Nevertheless, Heath had the reports sent to the Treasury and wanted Redding’s view taken into account.

The G-10 meeting in London on 16 September 1971 to resolve the international monetary crisis ended in deadlock and created further strain between the rich economies. On the same day the GATT Council declared that the US temporary surcharge was “inappropriate” and incompatible with GATT.<sup>125</sup> This placed pressure on the US to announce a timetable for its removal. But the G-10 countries could only agree on the very basics of the crisis, that the US had a serious balance of payments problem which needed correcting, and that a realignment of currencies would be part of the solution. Barber, summing up in his role as chair of the meeting, declared that no solution could be found at present because of (a) the lack of clarification on the temporary nature of the US import surcharge and (b) the US failure to show its willingness to contemplate a marginal devaluation in the dollar price of gold.<sup>126</sup>

The US and UK also held frank bilateral talks during the G-10 meetings. Barber pushed Connolly on the need for a “neutral asset” and that the “SDR might be the new reserve”, in seeking to find a replacement for the sterling balances. Connolly said that the US could not put forward a plan themselves because they “had been attacked by others for trying to dictate”. Barber replied that he felt “disheartened that the US could feel that Britain would attack the US”.<sup>127</sup>

At first the Nixon administration resisted the GATT and G-10 charge against the import surcharge, with Nixon saying in a press conference in Detroit on 23 September that the US would not give it up to placate her friends. But by time of the annual IMF meeting in Washington on 26 September, in the face of massive criticism, Connolly stressed the temporary nature of the surcharge, to be removed once a realignment of currencies took place.<sup>128</sup> This put aside the possibility of any immediate retaliatory action.

Speaking at the IMF annual meeting on 28 September 1971, Barber publicly argued for a “move away from the use of national currencies as reserve assets” and that the “way forward lies in the development of the SDR”.<sup>129</sup> But the UK initiative failed to take off as other

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<sup>124</sup> Note; Armstrong to Heath; 24 September 1971; PREM 15/310; NAUK. It’s handwritten on the front page of the Redding report.

<sup>125</sup> Memo; “Report of the Working Party on United States Temporary Import Surcharge”; GATT; 13 September 1971; GATT Digital Library 1947-1994 [online]: <http://gatt.stanford.edu/page/home>

<sup>126</sup> Note; H.M. Treasury; “Text of Statement by the Chancellor of the Exchequer the Rt. Hon. Anthony Barber MP at the Ministerial Meeting of the Group of Ten, London”; 16 September 1971; PREM 15/310; NAUK. Also see T 312/3181; NAUK.

<sup>127</sup> Minutes; “Memorandum of Conversation”; 15 September 1971; Box 3; Under Secretary: Country Files: UK; General Records of the Treasury Department, Record Group 56 (RG 56); NARA II.

<sup>128</sup> Paper; “A Chronology of Events following the Nixon Economic Measures announced on 15 August 1971”; 28 October 1971; FCO 49/337; NAUK.

<sup>129</sup> Speech; Barber; “Speech by the Chancellor of the Exchequer to the Annual Meeting of the International Monetary Fund and the International Bank for Reconstruction and Development, Washington”; 28 September 1971; PREM 15/310; NAUK.

countries, such as Japan and the EC, were focused on establishing a realignment of currencies. The G-10 failure, the lack of progress at the annual IMF meeting, and the wide gap between the US and the other countries on the levels of realignment showed that the international economy faced a prolonged period of 'dirty' floating currencies.

In November 1971, both the UK and the US attempted to re-ignite Anglo-American cooperation, which displayed the commitment of both Heath and Nixon to the alliance. Deep concern had grown in London throughout September and October 1971 over the state of Anglo-American relations. The FCO warned that "we should not permit differences with the US over economic measures to impede cooperation with the US government in other areas not directly related to the present controversy".<sup>130</sup> Heath directed the FCO to look into the broad question of the UK's future relations with the US "in light of current developments".<sup>131</sup> The FCO produced a report which set out two key objectives. Firstly, it argued that the EC should move towards greater unity "while remaining in close partnership with the US". Secondly, while pursuing its European commitments, the UK must "maintain as much influence in Washington as we can" and that it remained vital "to retain special links in the nuclear and intelligence fields".<sup>132</sup> The FCO Permanent Under-Secretary of State Denis Greenhill then sent out a reminder to all heads of missions and head of departments in the FCO that "relations between Britain, Europe, and the US are inevitably central to our foreign policy".<sup>133</sup> Whitehall launched a major effort seeking to repair any damage caused in Atlantic relations as a result of the international monetary crisis.

Meanwhile, to solve the monetary crisis, and to rebuild Anglo-American and Atlantic cooperation, the Nixon administration proposed to hold a 'heads of state' summit with the major European powers.<sup>134</sup> Heath and Douglas-Home initially thought there were "considerable dangers" to such a high profile meeting without serious groundwork behind the scenes.<sup>135</sup> They also feared appearing as a Trojan horse during a period of economic and political crisis in Atlantic relations.<sup>136</sup> Kissinger took Heath's reply as a negative, and called Nixon on the telephone, telling him "they are not eager for that meeting...to put it mildly. They are playing the Gaullist line". Yet Nixon replied "that's fine, just an offer...I understand the British. They want to play their own line. But that's alright, they have their own interests. I understand. Don't you? I don't think we ought to appear anxious with the British". Kissinger quickly corrected his

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<sup>130</sup> Study; FCO; "The Foreign Policy Implications of President Nixon's Measures of 15 August"; 8 October 1971; FCO 49/337; NAUK.

<sup>131</sup> Letter; Peter Moon (Private Secretary, Foreign Affairs to the PM) to John Graham (Principal Private Secretary to Douglas-Home); "Relations with the United States"; 26 October 1971; PREM 15/712; NAUK.

<sup>132</sup> Study; FCO; "Future Relations with the US"; 5 November 1971; PREM 15/712; NAUK.

<sup>133</sup> Letter; Greenhill to Head of Missions & Head of Departments; "Future Relations with the US"; 11 November 1971; FCO 49/339; NAUK.

<sup>134</sup> Telegram; Cromer to Douglas-Home; "Meeting of Heads of State"; 11 October 1971; PREM 15/712; NAUK.

<sup>135</sup> Telegram; Douglas-Home to Cromer; "Meeting of Heads of State"; 12 October 1971; PREM 15/712; NAUK.

<sup>136</sup> Letter; N. Barrington (FCO) to Hugh Overton (FCO Head of North American Department); 15 November 1971; FCO 82/64; NAUK.

negative interpretation, responding with “Oh, yes! Of course”, although adding the qualification that “the big mistake was made by Kennedy in pushing them so hard on the Common Market”.<sup>137</sup> However, this key exchange illustrates a fundamental constant in Nixon’s policy 1969-1973 - his commitment to the Anglo-American political and defence relationship. Despite scepticism towards the enlargement of the EC from within the US administration and federal government departments, Nixon supported the maintenance of close relations with Heath and their gaining entry into the EC.

The US dropped the idea of a heads of state meeting, and sought to set up a series of key bilateral meetings with France, Britain, and Japan in late December before and after the G-10 meeting on 17-18 December 1971, a move to push forward with reform of the international monetary system and to re-build cooperation in the Atlantic Alliance. Kissinger met with Cromer on 12 November 1971 to arrange a bilateral meeting in Bermuda. Despite the telephone call above, Kissinger told Cromer that Heath’s reply to the heads of state meeting had “been ill received by the President” and that a meeting between Heath and Nixon was essential if “cordial relations...were to be revived”. Cromer reported back to London that “the clearing of the air has been useful”, but that the impression had grown amongst Nixon and his advisers “that we have drifted away from the United States into the European enclave”.<sup>138</sup> Greenhill at the FCO advised 10 Downing Street that “we should not allow ourselves to be over-inhibited by fears of ‘Trojan horse’ accusations”.<sup>139</sup> Heath then decided that he “did not see the developing of closer relations with the Community as affecting in any way his own close relations with President Nixon”.<sup>140</sup> Heath pushed ahead, writing to Nixon on 24 November 1971 in an attempt to restore close communications and to hurry along attempts at monetary reform at the upcoming G-10 meeting. He thanked Nixon for his “consistent and tactful support” for the UK’s application to join the EC and that a “united Europe will be beneficial for the Western Alliance”. On the monetary situation, Heath urged Nixon “to give, at least privately, some indication of the pattern of realignment that you would be prepared to see” and that there must be “some change in the price of gold”. He concluded by observing that “our habit of working together, which has stood the test so well in both good times and bad, will prove of particular value at this period of adaptation”.<sup>141</sup> This strongly displayed the desire of the Heath government to maintain close Anglo-American relations and to cooperate on monetary reform.

In fact, the key moment resolving the deadlock came just prior to the G-10 meeting, in the summit between Nixon and Pompidou in the Azores on 14 December 1971. At the meeting

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<sup>137</sup> Telecon; Kissinger to Nixon; 12 October 1971; Box 11, File 10; Kissinger Telcons; Chronological File; NPM; NPL.

<sup>138</sup> Telegram; Cromer to FCO; “Anglo-American relations”; 12 November 1971; PREM 15/712; NAUK.

<sup>139</sup> Minute; Moon to Heath; 13 November 1971; PREM 15/712; NAUK.

<sup>140</sup> Letter; N. Barrington to Overton; 15 November 1971; FCO 82/64; NAUK.

<sup>141</sup> Letter; Heath to Nixon; 24 November 1971; PREM 15/715; NAUK.

Nixon agreed to devalue the dollar and remove the surcharge, on the basis that the yen and deutschmark would be re-valued, which paved the way for international agreement.<sup>142</sup>

The G-10 meeting on 17 December 1971 in Washington, D.C. officially resolved the immediate monetary crisis through the Smithsonian Agreement, the results of which showed the continuing power of the US in the international economy. This involved a major revaluation of currencies against the dollar (an increase of 13.57% for the deutschmark, 16.9% for the yen, and 8.57% for sterling and the franc), and a minor devaluation of the dollar-gold rate, from \$35 to \$38 an ounce (an 8.5% decrease). Sterling thus went from \$2.40 to \$2.60 per £1. Smithsonian removed the 10% import surcharge, but the dollar remained inconvertible to gold. The US achieved its main objective of forcing the other currencies to make major revaluations towards the dollar. Despite a small devaluation of the dollar the US remained the key economic power in the monetary system.

The agreement also widened the band in which currencies could fluctuate, from 1% to 2.25% each way, known as the “tunnel”.<sup>143</sup> If one currency started at -2.25% to the dollar and appreciated up to + 2.25% and another currency did the reverse at the same time, each currency would have fluctuated by 4.5%, while the maximum change between those two currencies would actually be 9%. The EC and the three candidate countries (the UK, the Republic of Ireland, and Denmark) considered this fluctuation band too large in the context of their attempt to establish European monetary integration. On 24 April 1972 they created the “snake in the tunnel”, the first form of European monetary cooperation, which permitted only half the fluctuation margin against the dollar as authorised under Smithsonian.

At the Heath-Nixon summit in Bermuda on 20-21 December 1971, the two leaders re-established the close relations built-up before the monetary crisis and showed the importance of the alliance to both countries. Nixon reasserted his support for British membership of the EC because “it must comprise at least one member who was capable of taking a world view of events”. He told Heath that Britain contrasted with France, “whose understanding of world affairs was even less than that of the Japanese”, and reported that in the Azores “he had been struck by President Pompidou’s relative lack of vision”. Kissinger jumped in and said that “President Pompidou had a keener grasp of financial questions than of the great problems of world politics”.<sup>144</sup> Thus Nixon and Kissinger urged Heath to take a leading role in developing an outward-looking, Atlantic EC. Moving onto economic policy, Heath argued that the US and the enlarged EC needed to tackle long term monetary and trade problems. According to Nixon,

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<sup>142</sup> Paper; Nixon & Pompidou; “Framework for Monetary and Trade Settlement”; ND; Department of State, *FRUS, Vol. 3*, 597-599, Document 220. See Pompidou’s report of the meeting to Heath - Telegram; Christopher Soames (British Ambassador to France) to Douglas-Home & Heath; 15 December 1971; PREM 15/325; NAUK.

<sup>143</sup> Figures taken from Gavin, *Gold, Dollars, & Power*, 196 & Michael Oliver & Arran Hamilton, “Downhill From Devaluation: The battle for Sterling, 1968-1972”, *Economic History Review*, Vol. 60, No. 3, 2007, 507-508.

<sup>144</sup> Minutes; “Record of a Meeting at Government House, Bermuda”; 20 December 1971, 1.30 p.m.; PREM 15/1268; NAUK.

differences in Anglo-American policy were only “tactical”.<sup>145</sup> Heath and Nixon continued to discuss a range of issues on China, the Soviet Union, the Indo-Pakistan conflict, and the Middle East, as the two countries re-established close cooperation in foreign policy.

#### The Flotation of Sterling and the Collapse of the Smithsonian Agreement, 1972-1975

The flotation of sterling on 23 June 1972 started the move towards a flexible, floating international exchange rate system and the full unravelling of Bretton Woods. The lack of an international monetary crisis signalled the declining importance of sterling. It also showed that the US administration had little interest in defending the Smithsonian Agreement. On 24 April 1972, the UK entered the EC “snake in the tunnel” mechanism. However, speculation grew against sterling around 16 June 1972, considered to be overvalued by the markets at \$2.60. Pinned into the narrow snake margins, sterling had little room to adjust. The Governor of the Bank of England Sir Lesley O’Brien believed that excessive inflation, poor trade figures, and the prolonged industrial relations dispute on the UK domestic scene had scared the market. Moreover, he blamed Barber for careless statements in his budget speech on 21 March 1972 on the importance of flexibility in monetary policy.<sup>146</sup> Barber had argued that “it is neither necessary nor desirable to distort domestic economies to an unacceptable extent in order to maintain unrealistic exchange rates, whether they are too high or too low”, thus suggesting that the UK would leave the Smithsonian parities when needed.<sup>147</sup> Significantly, Barber’s statement represents the change in thought that had occurred since August 1971. Throughout the 1950s and 1960s the governments and central banks of the major economies had made a huge effort to preserve the parities of Bretton Woods. But the period of “dirty” floating between August and December 1971 had altered perceptions on the ability of the world economy to adapt to new systems and work without fixed currency rates. The US had lifted the bar on free market floating and currency adjustment for national needs.

On 21 June 1972 Heath met with Barber and officials from the Treasury and the Bank of England to discuss options available to deal with the exchange market volatility against sterling that had grown since 16 June. The main decision taken was to raise the bank rate from 5% to 6% in order to attract capital. Barber also raised the issue of possibly abandoning the Smithsonian sterling-dollar parity of \$2.60, either through devaluation or flotation, telling Heath that he was “in favour of temporarily floating rather than devaluing” because the free market mechanism would have a greater effect. It is also the case that devaluation was considered by a significant proportion of the electorate to be a sign of weakness and economic incompetence,

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<sup>145</sup> Minutes; “Record of Plenary Meeting between the United Kingdom and United States Delegations, led by the Prime Minister and President Nixon, at Government House, Bermuda”; 21 December 1971, 2.30 p.m.; PREM 15/1268; NAUK.

<sup>146</sup> Meeting; O’Brien & Heath; “Note for the Record”; 26 June 1972; PREM 15/813; NAUK.

<sup>147</sup> 833 H.C. Deb. 1354, 21 March 1972.

while Heath himself considered the 1967 devaluation a defeat for Britain.<sup>148</sup> The Treasury had in fact developed contingency plans for floating after the 1967 devaluation.<sup>149</sup> But Barber expressed concern that it “would be contrary to the Community arrangements for narrow margins” and that it would be difficult to return to the “snake in the tunnel” by the 1 January 1973 accession.<sup>150</sup> However, by the afternoon of the next day, 22 June 1972, the outflow of capital had been so high that the Chancellor concluded that “the government had no option but to abandon the present fixed parity”.<sup>151</sup> It thus became an option of either devaluing to a \$2.40 fixed rate or floating. Heath approved a float for the next day, having been reassured by Barber that the EC were prepared to accept the “temporary” measure.

Later that day in the Prime Minister’s room at the House of Commons Heath also signed off on exchange controls for the Sterling Area in order to halt the capital outflow. It redefined the sterling territories as the United Kingdom, the Isle of Man, the Channel Islands, and the Republic of Ireland, essentially cutting out the other countries and abolishing the sterling area.<sup>152</sup> Robert Armstrong pointed out that “this was the end of a long song”. Usually such economic instruments would be dealt with by two junior Lord Commissioners of the Treasury. But “on this occasion” Barber suggested that the First and Second Lords (the Prime Minister and the Chancellor) should sign the instrument and “the Prime Minister accordingly signed”.<sup>153</sup> It marked a major show of intent to fully participate in EC economic integration. Ironically by 26 June 1972 sterling had drifted out of the EC “snake”, floating around \$2.42 to \$2.44 throughout the summer, thus undermining monetary union. This sequence of events showed that national needs overruled international currency relations.

The Nixon administration displayed understanding toward the UK government’s economic difficulties and the decision to float the pound, and thus it caused no major problem in Anglo-American relations. Heath wrote a short letter to Nixon on 24 June 1972 to explain the “movement against sterling” and that the UK would “return to a fixed exchange rate as soon as conditions permit”, thus suggesting the temporary nature of the float.<sup>154</sup> Heath followed this up two days later with a lengthy letter on the need for “radical changes” within a “shorter time-scale”. He also told Nixon that such a change “will require a new political impetus from the top, in the United States”.<sup>155</sup> Nixon, advised by the US Treasury, accepted the float of sterling and welcomed the chance to discuss reform, but rejected the idea of a US initiative and push for

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<sup>148</sup> King, British Political Opinion, 330. 754 H.C. Deb. 1314, 22 November 1967.

<sup>149</sup> Oliver & Hamilton, “Downhill from devaluation”, 486-512.

<sup>150</sup> Note; “Note for the Record”; 21 June 1972; PREM 15/813; NAUK.

<sup>151</sup> Note; “Note for the Record”; 22 June 1972; PREM 15/813; NAUK.

<sup>152</sup> Minutes; “Note of a Meeting Held in Two Parts in the Prime Minister’s Room at the House of Commons”; 22 June 1972; PREM 15/813; NAUK.

<sup>153</sup> For the full chain of events see Note; Robert Armstrong; “Note for the Record: Floating the Pound”; ND; PREM 15/813; NAUK.

<sup>154</sup> Letter; Heath to Nixon; 24 June 1972; Box 3; Under Secretary: Country Files: UK; RG 56; NARA II.

<sup>155</sup> Letter; Heath to Nixon; 26 June 1972; Box 3; Under Secretary: Country Files: UK; RG 56; NARA II.

reform (as seen following the economic crisis in August 1971), telling Heath that “we have not felt it useful to press for a specific single American plan”, thus displaying acceptance of the sterling flotation.<sup>156</sup>

Actually Nixon’s acceptance of the sterling flotation can be accounted for by the strong support for free market policies from key members of the administration and Nixon’s preoccupation with the Watergate scandal and the upcoming presidential election. The US and UK had already discussed the issue of floating exchange rates. At the Bermuda summit in December 1971 Connally had told Barber that “he would himself have preferred to allow the dollar to float” but that the “pressure from other countries” had led to the fixed parity settlement at the Smithsonian.<sup>157</sup> Internally, Nixon’s main economic advisers had supported floating exchange rates in line with the theories of Milton Friedman, as discussed above. The new Treasury Secretary George Shultz (from 12 June 1972) firmly supported free market monetary policies.<sup>158</sup> Shultz wrote to Nixon pointing out that economically “this turmoil is of limited significance”, although he proposed some limited intervention to protect the dollar parity. This would make the US look “cooperative and constructive” with little cost, which would be useful if “Smithsonian rates break down anyway”.<sup>159</sup> At the IMF annual conference in Washington on 24 September 1972 Shultz told Barber that “the British were smart in the manner in which they floated” and that “it is fair to say that academic economists in the US and probably worldwide are enamoured of floating”, thus suggesting that the administration had no problem with the float.<sup>160</sup>

The records also show an administration totally occupied with the upcoming November 1972 presidential election and the Watergate scandal, reported in the press on 18 June 1972, five days before the sterling flotation.<sup>161</sup> Nixon spent the morning of the sterling float, on 23 June, discussing with Haldeman the “Democratic break-in thing” and how best to control the FBI investigation.<sup>162</sup> It would appear that the bulk of Anglo-American communications over the sterling flotation was under the direction of Kissinger and the Treasury Department, while Nixon focussed on domestic political issues.

Following on from the re-establishment of close Anglo-American relations at the Bermuda meeting in December 1971, Heath and Nixon held their last bilateral summit in

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<sup>156</sup> Letter; Nixon to Heath; 11 July 1972; Box 3; Under Secretary: Country Files: UK; RG 56; NARA II.

<sup>157</sup> Minutes; “Note of a Meeting at the Princess Hotel, Bermuda”; 20 December 1971, 2.30 p.m.; PREM 15/1268; NAUK.

<sup>158</sup> George Shultz & Kenneth Dam, Economic Policy Beyond the Headlines (Chicago: University of Chicago Press, 1977), 126. Shultz was US Treasury Secretary 12 June 1972-8 May 1974.

<sup>159</sup> Memo; Shultz to Nixon; ND; Box 3; Under Secretary: Country Files: UK; RG 56; NARA II.

<sup>160</sup> Minutes; “Bilateral Meeting on Occasion of Fund / Bank Annual Meetings”; 24 September 1972, 9.30 a.m.; Box 3; Under Secretary: Country Files: UK; RG 56; NARA II.

<sup>161</sup> Nixon, The Memoirs, 625-646. Haldeman, The Haldeman Diaries, 471-475.

<sup>162</sup> Oval Office; Nixon & Haldeman; Conversation 741-2; 23 June 1972; White House Tapes (WHT); NPM; NACP. Listen to this conversation online at the Presidential Recordings Program: Miller Center of Public Affairs, University of Virginia: <http://whitehousetapes.net/transcript/nixon/smoking-gun>

Washington on 1 and 2 February 1973, a high point in their relationship. Taking place only one month after the UK's accession to the EC, Heath was the first leader invited to visit Nixon in Washington after his re-election. In December 1972 Nixon had implemented his third major air offensive of the year against North Vietnam - "Linebacker II", dubbed the "Christmas Bombings". European governments strongly criticised Nixon for the air campaign, apart from Heath. In the eyes of Nixon, Britain became the most important ally of the US. Nixon was "outraged...coldly furious" and felt "betrayed" by all European governments except by Heath, to whom he expressed deep "appreciation" and "gratitude".<sup>163</sup>

Throughout January the money markets had been volatile. Nixon pondered whether "we were heading for a new monetary crisis?" Shultz believed that "the Smithsonian Agreement was unravelling...one European currency after another was beginning to float". He said that he "had been greatly impressed by the speed and decisiveness" of the UK government in their decision to float and "there was less and less to be said in favour of fixed rates", thus indicating that the US government would not protect Smithsonian. On trade matters, the two countries pledged to cooperate in the attempt to establish a new round of GATT negotiations, with Heath telling Nixon that "there should be no difficulty between Britain and the United States on this score".<sup>164</sup> Heath even held a meeting with the Senate Foreign Relations Committee to seek "a generous mandate" for the "president to negotiate on trade matters".<sup>165</sup> Despite Britain's new status as a member of the EC, strong working Anglo-American relations were retained.

The lack of an international monetary crisis following the flotation of Britain's currency showed the declining importance of sterling as an international reserve currency, although it actually started the process towards the collapse of the Smithsonian Agreement and the final disintegration of Bretton Woods. Lord Cromer noticed what had occurred on 23 June 1972, telling Heath that "I never expected Bretton Woods to be felled by the denizens of Great George Street".<sup>166</sup> In early 1973 high US inflation and the removal of wage and price controls contributed to a run on the dollar, which was devalued in February by 10%, from \$38 to \$42.22 per ounce of gold. On 12 March the EC currencies floated together ("snake without the tunnel"). At the end of March 1973 all the G-10 countries were floating.<sup>167</sup>

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<sup>163</sup> Minutes; "Agenda for Prime Minister's Meeting with President Nixon: Record of a discussion at the British Embassy, Washington DC"; 16 January 1973; PREM 15/1976; NAUK.

<sup>164</sup> Minutes; "Record of Discussion at the Old Executive Building, Washington DC"; 1 February 1973, 4.00 p.m.; PREM 15/1978; NAUK.

<sup>165</sup> Minutes; "Record of Meeting between the Prime Minister and the Senate Foreign Relations Committee at the Capitol, Washington DC"; 1 February 1971, 3.00 p.m.; PREM 15/1978; NAUK.

<sup>166</sup> Telegram; Cromer to Heath; 23 June 1972; PREM 15/813; NAUK. Great George Street is the location of the Treasury in Whitehall, London.

<sup>167</sup> Foreman-Peck, *A History of the World Economy*, 306.

Nixon had praised the Smithsonian Agreement at the G-10 on 18 December 1971 as “the most significant monetary agreement in the history of the world”.<sup>168</sup> However this turned out to be a massive overstatement. By the time that sterling floated in June 1972 Nixon had told Heath that “we need to go beyond a simple patching up of the Bretton Woods system”, an acknowledgement of what Smithsonian represented.<sup>169</sup> The Smithsonian Agreement failed to address the fundamental structural flaws in the Bretton Woods system that existed before the NEP - the level of liquidity, adjusting disequilibrium, and the contradiction of a national currency operating as an international reserve currency. The US dollar continued to be the major reserve currency while also having a balance of payments deficit. Between June 1972 and 1975, most major currencies floated, unravelling Bretton Woods and Smithsonian, and bringing in a truly new monetary system of floating exchange rates, confirmed by the 1976 Jamaica Agreement.

### Conclusion

The chapter has argued that Britain’s entry into the EC altered the status of sterling and therefore an adjustment took place in Anglo-American monetary relations. The EC took major steps towards EMU 1969-1970. Nevertheless, the Heath government sought to avoid monetary matters in the EC enlargement negotiations. But then from March-May 1971 it became clear that the French president wanted Heath to commit the UK to a run-down of the sterling balances and termination of its connection to the dollar. This displayed an obvious way in which the UK application and membership of the EC altered Anglo-American relations. However, this did not represent a major re-orientation. In fact, in the future the well-connected financial centres of London and New York would grow even closer, while the UK would remain out of the EC single currency zone. As the US remained the dominant reserve currency from 1970 up to 2011, the UK operated in between the EC and US currency blocks, influenced by both.

Between August and December 1971, a major communication breakdown occurred in Anglo-American relations, created by Nixon’s NEP. A close look at bilateral Anglo-American consultation revealed tensions over the substance of the NEP and in the manner of its unilateral announcement. Nevertheless, the two sides worked together to re-establish monetary order during the crisis, and reignited close Anglo-American cooperation at Bermuda (December 1971) and in Washington (February 1973). International monetary relations were transformed as a result of the collapse of the Bretton Woods system and the EC movement toward monetary integration. The ‘dirty’ floating seen in the international economy after Nixon’s NEP have similar characteristics to the currency wars of the 2007-2011 economic crisis. This chapter

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<sup>168</sup> Speech, Nixon; “Remarks Announcing a Monetary Agreement Following a Meeting of the Group of Ten”; 18 December 1971; American Presidency Project [online]: <http://www.presidency.ucsb.edu/ws/?pid=3268>

<sup>169</sup> Letter; Nixon to Heath; 11 July 1972; FCO 82/204; NAUK.

increases our understanding of both the beginning of flexible, floating exchange rates post-1971, the development of EMU, and Anglo-American monetary relations during the first EC enlargement.

*Chapter 6:*

**Anglo-American Defence Relations and the EC Enlargement (1969-1974)**

This chapter argues that the maintenance and strengthening of Anglo-American defence collaboration during the Heath-Nixon period showed that Britain's entry into the EC did not weaken the alliance. Defence issues did not feature in the official EC enlargement negotiations. Nevertheless the French and Heath governments discussed the feasibility of future Anglo-French nuclear cooperation. Heath gave serious consideration to this, and felt the need to display the UK's commitment to European defence cooperation while negotiating entry into the EC. However, the incompatibility of the UK and French nuclear forces meant that no concrete steps were taken. Moreover, the MOD and defence establishment strongly opposed moving away from US-UK nuclear collaboration. Meanwhile, the Heath government embarked on a major project to upgrade the Polaris nuclear missile system, approved by the US. The relationship remained a key Cold War alliance, despite Britain's entry into the EC. Furthermore, throughout the Heath-Nixon period, the two countries continued to share military facilities. The UK's decision to retain a limited presence East of Suez also strengthened the Anglo-American relationship, both politically and militarily, and showed that the UK still intended to retain a limited though global role in foreign affairs.

Substantial scholarly attention has focussed on Anglo-American defence and nuclear cooperation, largely considered to be the cornerstone of the 'special' relationship by historians looking at the functional aspects of the alliance.<sup>1</sup> The historiography of Heath-Nixon nuclear relations is not fully developed, mainly because the government sources are only just being released. Helen Parr looked at Anglo-French nuclear cooperation and concluded that it failed because of French opposition, it never really developed into a 'policy' throughout Whitehall, and it was considered only in the context of Anglo-American nuclear cooperation.<sup>2</sup> Thomas Robb argued that US-UK political difficulties over the Year of Europe had a major influence on

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<sup>1</sup> For example: John Baylis, Anglo-American Defence Relations 1939-1984: The Special Relationship, 2<sup>nd</sup> Edition (London: Macmillan, 1984). Jan Melissen, The Struggle for Nuclear Partnership: Britain, the United States and the Making of an Ambiguous Alliance, 1952-1959 (Groningen, Netherlands: Styx, 1993). Ian Clark, Nuclear Diplomacy and the Special Relationship: Britain's Deterrent and America, 1957-1962 (Oxford: Oxford University Press, 1994). S.J. Ball, "Military Nuclear Relations between the United States and Great Britain under the Terms of the McMahon Act, 1946-1958", The Historical Journal, Vol. 38, No. 2, 1995, 439-454. Michael Middek, "Anglo-American Nuclear Weapons Cooperation After the Nassau Conference: The British Policy of Interdependence", Journal of Cold War Studies, Vol. 2, No. 2, 2000, 69-96. Sabine Lee, "'In no sense vital and actually not even important'? Reality and Perception of Britain's Contribution to the Development of Nuclear Weapons", Contemporary British History, Vol. 20, No. 2, 2006, 159-185. Dumbrell, A Special Relationship, 160-186. Ken Young, "A Most Special Relationship: The Origins of Anglo-American Nuclear Strike Planning", Journal of Cold War Studies, Vol. 9, No. 2, 2007, 5-31.

<sup>2</sup> Helen Parr, "Anglo-French Nuclear Cooperation and Britain's Policy towards the EEC, 1970-3", in Beyond the Customs Union: The EEC's Quest for Completion, Deepening and Enlargement, 1969-1975, ed., Jan van de Harst (Brussels: Bruylant, 2007). Helen Parr, "The Politics of Anglo-French Nuclear Cooperation under the Heath Government", Paper for BISA Annual Conference, 27-29 April 2011.

the Heath government's decision on how to upgrade the Polaris system.<sup>3</sup> The inner workings of the French government and the other five countries of the EC requires further historical research. This is a new field, to which this chapter contributes, by looking at the balance between Anglo-French and Anglo-American collaboration from the US and UK perspectives, within the context of the EC enlargement. It shows that Anglo-American defence collaboration actually increased under Heath and Nixon.

While NATO defence issues are important, this has been considered in the context of foreign policy priorities in chapter 2, and thus excluded here. As previously discussed, US domestic pressure grew over alliance burden sharing and on the level of US troops in Europe. But both the US and UK were strongly committed to NATO, as a key component of the Atlantic Alliance and overall Cold War strategy. This chapter starts by looking at Anglo-American military cooperation at Diego Garcia and at Singapore/Malaysia, East of Suez. It then considers the relationship between Anglo-French nuclear collaboration and the Anglo-American nuclear relationship.

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## **Military Facilities**

### Diego Garcia, 1970

Anglo-American mutual facilities in the defence and intelligence field composed a significant part of the relationship during the Heath-Nixon years, displaying the importance of the alliance during Britain's negotiations to join the EC. These facilities were important for operations, training, communications, and intelligence. The large number of UK island dependencies around the world which the US could use for its defence strategy was unmatched by any other country. Meanwhile, the US could provide the funds to actually build and maintain these facilities, thus proving mutually beneficial. The agreement on the Diego Garcia facilities displayed the continuation of this relationship.

On 8 September 1970 Heath requested that Douglas-Home review the extent of US-UK cooperation in using military installations, which revealed the major integration of Anglo-

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<sup>3</sup> Robb, "Antelope", 797-817. Also see Kristan Stoddart, "The British Labour Government and the Development of Chevaline, 1974-1979", Cold War History, Vol. 10, No. 3, 2010, 287-314. Kristan Stoddart, "The Wilson Government and British Responses to ABMs, 1964-1970", Contemporary British History, Vol. 33, No. 1, 2009, 1-33. John Baylis and Kristan Stoddart, "Britain and the Chavaline Project: The Hidden Nuclear Programme, 1967-82", Journal of Strategic Studies, Vol. 26, No. 4, 2003, 124-155. Kristan Stoddart, "Nuclear Weapons in Britain's Policy Towards France, 1960-1974", Diplomacy and Statecraft, Vol. 18, No. 4, 2007, 719-744.

American contingency, communication, and intelligence bases around the world.<sup>4</sup> In the UK, the US had airfields (and access to RAF bases, such as at Lossiemouth), a base for their US Polaris nuclear submarines at Holy Loch (from 1962-1992), and a US Ballistic Missile Early Warning System installation (and space surveillance) at RAF Fylingdales. Moreover, the US made regular use of the UK's bases in Gibraltar and Malta, and at certain times the UK's Cyprus base, Akrotiri. These formed a significant component of Anglo-American intelligence sharing, and were important for the US nuclear presence in Europe.

Beyond Europe, the US built an airfield on the UK's Ascension Island in the South Atlantic Ocean and used the UK's facilities in Hong Kong and Singapore in the Far East. In the Caribbean, the US and UK had joint underwater test facilities, five joint airfields in the Bahamas, shared communications facilities in Bermuda, and the UK gave the US access to missile and space tracking, navigation, and other facilities in Bermuda, the Bahamas, the Turks and Caicos Islands, Antigua, and Barbados. The UK used US facilities in Puerto Rico. As well as sharing military and communications facilities, the US and UK exchanged intelligence and defence research and development information. Finally, a US-UK Planning Group in London, established in 1968, coordinated US and UK military planning.<sup>5</sup> Douglas-Home commented that the "complexity and breadth of these exchanges is impressive", which signalled that the UK would seek to continue this relationship and not focus primarily on a European defence position.<sup>6</sup>

From the mid-1960s and into the 1970s Anglo-American concern grew over the increasing Soviet presence in the Indian Ocean, which led to major defence cooperation on the UK-controlled island Diego Garcia in the British Indian Ocean Territory (BIOT). On 30 December 1966, a US-UK exchange of diplomatic notes established the basis of cooperation in the region for an initial period of 50 years, in which the UK would retain complete sovereignty over the BIOT, while the US could build military installations. On 3 September 1968 the UK approved in principal the construction of a Diego Garcia facility, providing for communications, petroleum storage, and an airfield with an 8,000 foot runway, anchorage dredging, and facilities for around 270 personnel.<sup>7</sup> At Chequers on 3 October 1970 Heath raised with Nixon the issue of Soviet intentions in the Indian Ocean, suggesting that they were starting to pose a political threat which in time could disrupt sea and air routes for the alliance. Due to this, Heath said that "we would be willing to cooperate with the American project at Diego Garcia". The US and UK

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<sup>4</sup> Memo; Heath to Douglas-Home; 8 September 1970; CAB 164/988; NAUK.

<sup>5</sup> Memo; "Facilities Made Available to the United States Forces and Information Exchange, Co-operative, Reciprocal, Shared and Joint-Planning Arrangements"; 18 September 1970; CAB 164/988; NAUK.

<sup>6</sup> Memo; Douglas-Home to Heath; "Facilities for the USA"; 18 September 1970; CAB 164/988; NAUK.

<sup>7</sup> Memo; "Diego Garcia – A Legal Chronology"; 22 January 1974; Box 6; UK Record 1962-74; RG 59; NARA II.

decided to embark on a joint review of the Indian Ocean which showed continuing cooperation in this region.<sup>8</sup>

At the meeting Heath also suggested arming South Africa, which created some political difficulties in Anglo-American relations. Heath believed that the Soviet military presence growing around the Cape of Good Hope and Cape Agulhas, at the point where the Indian Ocean met the Atlantic Ocean, by South Africa, posed a major threat to sea routes vital to the UK. Heath wanted to supply the South African government with arms, frigates, and helicopters. But the US had a substantial African-American population, which would oppose any moves to sell arms to South Africa, an apartheid state. Nevertheless, Nixon said that the US “would not do anything to embarrass the British” on the issue. Both Heath and Nixon agreed that the apartheid state would soon break down for economic reasons, but in the meantime it would be important to protect the state from external threats. Nixon said that “it was fashionable to condemn apartheid and to oppose South Africa”, but that the US and the UK should “not go along with fashion if it was against their national interests”.<sup>9</sup> Despite major domestic difficulties for Nixon, from the Congress, public opinion, the media, and within his administration, he accepted the UK’s position on arming South Africa.

In early December 1970 the joint US-UK discussions on the Indian Ocean took place, which revealed the importance of increasing their political and military presence in the region. Both the US and UK reported two to four ships in a Soviet combatant force (destroyers and a guided missile cruiser), with six support ships operating in the Indian Ocean. This did not constitute a major military threat to the countries in the region, or the shipping lanes up to 1975. The US, the UK, and Australian combined naval presence equalled the Soviets, and in terms of ship days and port stops, far exceeded the Soviets. However, both the US and UK intelligence services expected an increase in activities from 1975 onwards, including the development of a naval logistic base East of Suez. Both sides agreed on the importance of establishing the communication and refuelling base at Diego Garcia, in order to support their Cold War policies.<sup>10</sup> On 15 December 1970 came the formal announcement of the Anglo-American agreement on the Diego Garcia development.<sup>11</sup>

In 1971 the US government considered an enlargement of the Diego Garcia facility into a full naval and air facility in order to deter the Soviet Union in the region. The DOD considered Diego Garcia, in the centre of the Indian Ocean, “invulnerable to the whims of host governments”, an “attractive” option for a major upgrade to provide major support for US and

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<sup>8</sup> Minutes; “Record of Meeting held at Chequers”; 3 October 1970, 11.40 a.m.; PREM 15/714; NAUK.

<sup>9</sup> Ibid.

<sup>10</sup> Memo; Kissinger to Nixon; “Prime Minister Heath’s Initiative on the Indian Ocean”; 15 December 1970; Box 942; NSC VIP Visits: UK Visit of PM Heath, Dec 70; NPM; NPL. Also see Memo; “NSSM 110: Follow-on Study of Strategy Towards the Indian Ocean”; 22 December 1970; Box H-178; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>11</sup> “US and Britain Plan Indian Ocean Base”; 15 December 1970; New York Times.

allied forces. The administration delayed the decision until the initial facilities under the US-UK agreement were completed in March 1973. But this reflected a growing fear in the administration towards a possible power vacuum in the region as a result of a major UK withdrawal from East of Suez, the Indian Ocean, and the Persian Gulf.

#### East of Suez, 1970-1971

The Heath government's decision to maintain a limited military and political role in South East Asia showed that the government sought to retain a world role, rather than just focusing on regional, European matters, as argued by some historians.<sup>12</sup> This strengthened Anglo-American cooperation in Cold War policy under Heath and Nixon. The key factors influencing Heath were (a) domestic politics and (b) the Anglo-American relationship and the Atlantic Alliance. The significance in the force lay in retaining a limited military base in the region for the use of the Atlantic Alliance and aiming to contribute towards stability, acting as a political deterrent in the Cold War. However, while Heath retained a presence in Singapore/Malaysia, the UK continued to withdraw from its position in the Middle East and Gulf region, which marked a major shift in the Middle East.<sup>13</sup>

A domestic political debate over the level of Britain's 'East of Suez' commitment had begun in Whitehall and amongst ministers during the Macmillan Government.<sup>14</sup> Soon after the Labour Party came into government in October 1964, Harold Wilson outlined government policy on Britain's global defence strategy during a House of Commons debate on foreign affairs on 16 December 1964: "I want to make it quite clear that whatever we may do in the field of cost effectiveness...we cannot afford to relinquish...our 'east of Suez' role."<sup>15</sup> This entailed a network of military outposts stretching eastward from the Suez Canal in the Middle East through the Indian Ocean and on to Singapore and Hong Kong in the Far East. With 55,000

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<sup>12</sup> See the following sources for debates on 'East of Suez' and Anglo-American relations: Philip Darby, British Defence Policy East of Suez 1947-68 (Oxford: Oxford University Press, 1973). Alan Dobson, "The Years of Transition: Anglo-American Relations 1961-67", Review of International Studies, Vol.16, No.3, 1990, 239-258. Dockrill, Britain's Retreat. Dumbrell, 'The Johnson Administration', 211-231. Sylvia Ellis, Britain, America, and the Vietnam War (London: Praeger, 2004). Jeffrey Pickering, Britain's Withdrawal from East of Suez: The Politics of Retrenchment (London: St. Martin's Press, 1998). Clive Ponting, Breach of Promise: Labour in Power 1964-1970 (London: Penguin Books, 1989). Simon Davis, "Review Article: A Bloody Unpleasant Meeting: The United States and Britain's Retreat from East of Suez in the 1960s", Diplomatic History, Vol. 34, No. 1, 2010, 229-236. Andrea Benvenuti, "The Heath Government", 53-73.

<sup>13</sup> See W. Taylor Fain, American Ascendance and British Retreat in the Persian Gulf Region (New York: Palgrave Macmillan, 2008). Tore Tingvold Petersen, The Decline of the Anglo-American Middle-East 1961-1969: A Willing Retreat (Brighton: Sussex Academic Press, 2006). Tore Tingvold Peterson, Richard Nixon, Great Britain and the Anglo-American Alignment in the Persian Gulf and the Arabian Peninsular (Brighton: Sussex Academic Press, 2009).

<sup>14</sup> Memo; Trend; "Study of Future Policy – Strategy East of Suez"; 25 February 1963; CAB 21/5902; NAUK. Trend concluded that "the maintenance of military bases is in present conditions the least effective way of bringing influence to bear in the Cold War."

<sup>15</sup> 704 H.C. Deb. 423-424, 16 December 1964.

British troops stationed East of Suez, costing around £317 million a year by 1966, this constituted a major defence commitment.<sup>16</sup> Moreover, British army, navy, and air forces worldwide numbered more than 400,000, requiring that 7% of Gross National Product be spent on defence.<sup>17</sup>

Britain's world-wide system of bases and forces East of Suez became increasingly important to US Cold War policy in the 1960s during the Johnson administration.<sup>18</sup> The US had made large political, economic and military commitments in South Vietnam (see chapter 2). The Johnson administration feared that a British withdrawal from East of Suez would create a power vacuum and threaten US interests in the region. However, Wilson had inherited an £800 million balance of payments deficit, which posed a long-term threat to sterling, British defence, and the US dollar. Whitehall had already begun an assessment of defence priorities, and Wilson subsequently initiated a series of ministerial defence reviews from November 1964 onwards.<sup>19</sup> On 18 July 1967, a 'Supplementary Statement on Defence Policy' declared: "We plan to withdraw altogether from our bases in Singapore and Malaysia in the middle 1970s", a U-turn on defence policy. Meanwhile, the Wilson government applied for membership of the EC. This seemed to indicate a shift away from Britain's global role to a more regional foreign and defence policy.<sup>20</sup>

Heath opposed the position of the Wilson government on 'East of Suez', which created a domestic political dimension to his decision to retain an East of Suez presence. Heath said that Labour had adopted an irresponsible defence position which undermined the UK's world influence, stability in South East Asia, and the Anglo-American relationship.<sup>21</sup> The 1970 election manifesto declared that "by unilaterally deciding to withdraw our forces from these areas by the end of 1971, the Labour Government have broken their promises". He proposed developing a five-power defence force – the UK, Australia, New Zealand, Malaysia and Singapore - to help maintain stability in South East Asia. Therefore Heath had politically committed himself to some form of reversal on East of Suez policy before entering government.<sup>22</sup>

As well as domestic political factors, the government also made a connection between keeping troops East of Suez and maintaining close Anglo-American relations, particularly in the

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<sup>16</sup> Michael Howard, "Britain's Strategic Problem East of Suez", *International Affairs*, Vol. 42, No. 2, 1966, 180.

<sup>17</sup> Dockrill, 'Britain's Power', 212.

<sup>18</sup> Herring, *America's Longest War*, 182. By June 1967 US military personnel in South Vietnam had reached 448,800.

<sup>19</sup> Minutes; "Defence Policy: Record of a Meeting held at Chequers"; 21 November 1964; CAB 130/213; NAUK. Memo; "Report of the Long Terms Study Group"; 12 October 1964; CAB 148/10, D.O. (O) (S) (64) 37, NAUK. Memo; "British Interests and Commitments Overseas: A Report by the Defence and Overseas (Official) Committee"; 18 November 1964; CAB 130/213; NAUK.

<sup>20</sup> "Supplementary Statement on Defence Policy", Cmnd. 3357, 18 July 1967.

<sup>21</sup> Heath, *Old World, New Horizons*, 68-69. Also see 769 H.C. Deb. 1029-1030, 25 July 1968.

<sup>22</sup> Conservative Central Office, *A Better Tomorrow*.

nuclear and intelligence field. The Cabinet Secretary Sir Burke Trend advised Heath on 30 June 1970 that “the more closely we cooperate with Europe, the more reluctant the Americans will be (despite their professed support for Western European integration) to share their secrets with us.”<sup>23</sup> Trend believed that the Nixon administration would no longer separate economic, political, and defence issues. If the interests of the UK and US conflicted in trade policy, then there could be repercussions in the level of Anglo-American nuclear relations. At the Defence and Overseas Policy Committee (DOP) on 1 July 1970, ministers observed that special nuclear and intelligence cooperation with the US “depended on our continuing to have something to offer the United States.”<sup>24</sup> Ministers then undertook in principle to maintain a political and defence commitment in South East Asia.<sup>25</sup> The Heath government sought to strengthen cooperation with the Americans in the defence field, which they thought would counterbalance any negative economic effects as a result of Britain joining the EC.

Heath also perceived that the UK and the US had similar interests in South East Asia. The two countries both sought to contain Chinese influence in the region and prevent the spread of communism. Moreover, the US position in Vietnam and the UK’s in Malaysia were mutually supporting each other’s Cold War objectives. Heath wanted to retain troops in South East Asia, independently of the American position, because he believed in a world role for Britain, but his view of the Anglo-American relationship reinforced his support for retaining British troops East of Suez.<sup>26</sup>

However, Heath had warned his party leadership to avoid making any links between the Vietnam War and their East of Suez policy. Speaking at the Selsdon Park Hotel in February 1970 just prior to the election, Heath said, with regards to South East Asia, that “we are not there to carry out war.”<sup>27</sup> Wilson had told voters to watch out for Tory military policies which would get Britain involved in a Vietnam War situation.<sup>28</sup> British public opinions also suggested strong opposition to any involvement with Vietnam.<sup>29</sup> So, on the domestic front, the Conservatives wanted to play down any connection between maintaining a presence East of Suez and their support for US policies in the region, which could be linked to Vietnam by the press and opposition parties in the House of Commons. To the British general public, Heath presented his East of Suez policy as necessary in providing stability in Malaysia and Singapore.<sup>30</sup>

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<sup>23</sup> Memo; Trend to Heath; 30 June 1970; PREM 15/64; NAUK.

<sup>24</sup> Minutes; 1 July 1970; CAB 148/101 DOP (70) 1<sup>st</sup> Meeting; NAUK.

<sup>25</sup> Ibid.

<sup>26</sup> Heath, Old World, New Horizons.

<sup>27</sup> Minutes; “Note on Shadow Cabinet Conference at Selsdon Park Hotel; 1 February 1970, 9.30 a.m.; Margaret Thatcher Foundation [online]: <http://www.margaretthatcher.org/document/3DBFBE7E149F437CB42CD01E931A3764.pdf>.

<sup>28</sup> 769 H.C. Deb. 1022, 25 July 1968.

<sup>29</sup> King, eds., British Political Opinion, 328-329.

<sup>30</sup> Heath, ‘Realism in British Foreign Policy’, 49.

During the Wilson run-down of forces East of Suez, the Nixon administration looked into the impact of the move on US interests, the results of which displayed the importance that the administration attached to retaining some form of presence in the region.<sup>31</sup> The primary interests of the US in Malaysia/Singapore derived from its strategic location and for the production of raw materials. Strategically, the US wanted to ensure the continuation of Allied control of the military facilities, protecting the international sea and air corridors in the region and allowing for US access to logistical support facilities for contingency use, particularly in light of the increased Soviet activity in the Indian Ocean. On the economic side, the US wanted a favourable political and security climate for trade and investment for US business interests. Therefore, a key objective of the Nixon administration in Malaysia/Singapore focussed on the maintenance of economic, political, and military stability as a part of their Cold War defence strategy.<sup>32</sup>

The FCO, aware of Heath's position, advised the new government to not reverse the East of Suez withdrawal because of the EC application. Sir Denis Greenhill, the FCO Permanent Under-Secretary of State, argued that the UK would be able to maximise its influence by concentrating on the EC and European defence.<sup>33</sup> The FCO and Heath agreed on the importance of gaining entry into the EC, but differences emerged on the FCO assessment of Britain's role in South East Asia. On 21 July 1970, Douglas-Home's memorandum on foreign policy priorities ranked South East Asia as the least important region to British political, economic, and defence interests, which included Singapore/Malaysia, where Heath wished to retain a role. According to the memorandum Britain would "not seek to play a dominant role in the area".<sup>34</sup> Trend commented to Heath that "the emphasis which the memorandum places on the priority to be given to our European and Atlantic interests is a clear warning against premature commitments elsewhere in the world."<sup>35</sup> However, the Conservative election manifesto had already committed the government to stop the run-down of British forces East of Suez. Heath overruled scepticism from the FCO, which displayed his desire to retain a world role and protect Anglo-American security cooperation.

The government debated the exact nature of Britain's East of Suez commitment at the DOP on 22 July 1970, focussing on Singapore and Malaysia, rather than the Middle East. On the political side, the committee decided to replace the bilateral Anglo-Malaysian Defence

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<sup>31</sup> Memo; Kissinger to Nixon; "Proposed NSSM Concerning US Policy Towards Malaysia and Singapore"; 11 March 1969; Box H-141; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>32</sup> Memo; "NSSM 31: US Policy Towards Malaysia/Singapore and NSSM 61: Review of US Policy Toward Indonesia"; 31 October 1969; Box H-141; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>33</sup> Letter; Greenhill to Douglas-Home; 23 June 1970; FCO 49/305; NAUK.

<sup>34</sup> Memo; "Priorities in Our Foreign Policy: A Memorandum by the Foreign and Commonwealth Secretary"; 21 July 1970; CAB 148/101, DOP (70) 13; NAUK

<sup>35</sup> Memo; Trend to Heath; "Future Decisions in the Field of Defence and Overseas Policy"; 21 July 1970; PREM 15/1365; NAUK.

Agreement with a multilateral agreement between Britain, Australia, New Zealand, Singapore, and Malaysia.<sup>36</sup> The government preferred a multilateral agreement to a bilateral one because they did not want Britain to play a predominant role, but a function equal to that of New Zealand and Australia, with the purpose of “contributing to stability in the area by acting as a deterrent” against external threats.<sup>37</sup> The government examined Britain’s position in South East Asia through the lens of the Cold War, in which Chinese influence in the area had to be checked and American efforts in the region supported.

Carrington and the Ministry of Defence (MOD) compiled a report on the exact number and cost of British forces East of Suez. The objective was to balance a commitment to ‘East of Suez’ with Britain’s top defence priority, NATO. Therefore, Carrington and the MOD supported the smallest force which would be “militarily viable and meet the political need”, highlighting the major political aspect to this policy.<sup>38</sup> Force and personnel levels in South East Asia (still remaining in 1970 under the Wilson government’s run-down plan) were around 42,000, which included sixteen Royal Navy ships, fifty-two Royal Air Force aircraft, and six army contingents. Carrington and the MOD wanted to reduce the force to five ships (frigates/destroyers), one battalion with an air platoon, one artillery battery, up to four Nimrod (reconnaissance) aircraft, six whirlwind helicopters, and logistical and engineer personnel, which they judged to be a credible conventional force to maintain a base presence without large economic costs. One submarine (without nuclear weapons) could also be provided if consultations with the other parties required a stronger UK commitment. The lack of any permanent nuclear presence undermined the military importance of this force.<sup>39</sup> Carrington expected the cost to be roughly £2-5 million per annum, not including full support services. For Carrington and the MOD, the importance of the force lay in the need for a strong enough conventional deterrent in the region to fulfil the government’s political objectives – both domestic and international. The DOP supported this view and on 23 July 1970, the Cabinet endorsed the conclusion of the DOP to maintain troops East of Suez.<sup>40</sup>

The Treasury expressed some opposition to Heath’s South East Asia policy. The Treasury had warned Heath not to commit the UK to South East Asia because of the possibility that externally promoted insurgency in Malaysia could draw the government into counter-insurgency operations. The Treasury had assessed the military commitment in the context of overall public expenditure, and therefore the department felt that Britain could not afford a

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<sup>36</sup> The bilateral Anglo-Malaya Defence Agreement (AMDA) was established in 1957 to protect the newly independent Malaya. It was renamed the Anglo-Malaysian Defence Agreement in 1963. The AMDA was replaced by the ‘Five-Power Defence Arrangements’ (FPDA) in 1971.

<sup>37</sup> Memo; “Anglo-Malaysian Defence Agreement: A Memorandum by the Foreign and Commonwealth Secretary”; 21 July 1970; CAB 148/101, DOP (70) 8; NAUK.

<sup>38</sup> Memo; “UK Military Presence in South East Asia After 1971 – The basis for Consultation with Our Commonwealth Allies: A Memorandum by the Secretary of State for Defence”; 17 July 1970; CAB 148/101, DOP (70) 10; NAUK.

<sup>39</sup> Ibid.

<sup>40</sup> Minutes; 23 July 1970; CAB 128/47, CM (70) 8; NAUK.

prolonged conflict. The Treasury also questioned whether Carrington and the MOD really offered the minimum UK military contribution necessary to provide the multilateral pact with conventional force credibility. The Treasury warned Heath that "...we need to avoid piecemeal decisions about defence expenditure."<sup>41</sup> Trend picked up on this point and advised Heath: "There is a considerable risk that, by tackling the problem of defence policy piecemeal in this way, we shall lose sight of the wood for the trees". The government also needed to consider upgrading the UK's nuclear weapons system at a major cost, discussed below.<sup>42</sup>

Nevertheless, the MOD and Heath overruled opposition from the FCO and the Treasury for retaining a limited East of Suez presence. Heath had already attached political importance to South East Asia and wanted a world role for Britain, as analysed above. Thus, Heath partly reversed the decision of the Wilson government, overruling the long-term positions of officials at the FCO and the Treasury. Heath and the MOD were in line on their South East Asia policies.<sup>43</sup>

Carrington made a Far Eastern tour in July and August 1970, visiting Malaysia, Singapore, Australia, and New Zealand to negotiate the new defence arrangements for East of Suez. Britain's force contributions remained as set out by Carrington at the DOP, with a (non nuclear) Oberon submarine stationed in Sydney, Australia. The total number of personnel would be 4,000, a significant run-down from the 1970 force level of 42,000. The MOD estimated the full cost to be between £5-10 million a year.<sup>44</sup> This did not represent a major military presence in overall defence strategy. As Carrington later wrote, its importance at the time was as "a signal that we in Britain had not shrunk to sole and solitary preoccupation with our own home concerns and domestic security", and therefore it displayed a political commitment to retain an interest in world affairs, rather than on just regional, European issues as a result of seeking membership of the EC.<sup>45</sup>

At Chequers on 3 October 1970 Nixon welcomed Heath's decision to retain a commitment to Singapore/Malaysia, telling him that "it was the political and diplomatic aspect of this presence which mattered more than its military content". Heath replied that the new arrangements would "bring stability to the area". He also believed that the proposed five power defence arrangements helped to increase the role of Australia in maintaining security in the region.<sup>46</sup> The US had large numbers of troops committed to Europe and Asia, and therefore Heath played on the US desire for help from allies with the defence burden in maintaining its world-wide deterrence policy. On 28 October 1970, the government released its Defence White

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<sup>41</sup> Memo; "UK Military Presence in South East Asia: A Memorandum by the Chief Secretary of the Treasury"; 21 July 1970; CAB 148/101, DOP (70) 12; NAUK.

<sup>42</sup> Memo; Trend to Heath; 21 July 1970; PREM 15/1376; NAUK.

<sup>43</sup> Minutes; 22 July 1970; CAB 148/101 DOP (70) 4<sup>th</sup> Meeting; NAUK.

<sup>44</sup> Memo; "UK Military Presence in South East Asia After 1971: A Memorandum by the Secretary of State for Defence"; 1 October 1971; CAB 148/102, DOP (70) 26; NAUK.

<sup>45</sup> Carrington, Reflect on Things Past, 218-220. Heath, The Course, 481.

<sup>46</sup> Minutes; "Record of Meeting held at Chequers"; 3 October 1970, 11.40 a.m.; PREM 15/714; NAUK.

Paper. While NATO remained the first priority of the UK's defence posture, the White Paper expressed the government's "determination that Britain should also play her part in countering threats to stability outside the NATO area", thus showing that foreign and defence policy stretched beyond the European scope.<sup>47</sup>

Internally, some US federal government departments expressed frustration with Heath's Defence White Paper. The Department of Defence (DOD) noted "some disappointment" with the size of the British measures East of Suez and in NATO. The State Department thought that the low level of the UK's military commitment will "have killed off any chance" that some other European countries would increase their contributions to the defence burden.<sup>48</sup> Kissinger referred to it as Heath's "token presence East of Suez". Nevertheless, Kissinger advised Nixon that the contents of the White Paper "mark the reversal of the declining trend in the UK's NATO contribution", and that in fact it could have "some psychological importance" in encouraging other NATO partners to increase their forces. He also believed that the "British have probably done about as much as they can".<sup>49</sup> Nixon subsequently issued a directive to the State Department and the DOD to "take a positive attitude towards the British decisions".<sup>50</sup>

The Defence Ministers of the UK, Australia, New Zealand, Singapore, and Malaysia met in London and concluded the agreement on 16 April 1971. In September of that year, an Integrated Air Defence System (IADS) was established for Malaysia and Singapore under the agreements, and British forces, placed under the command umbrella of ANZUK, created a tripartite force of Britain, Australia and New Zealand. While the administration welcomed the UK's decision in Singapore/Malaysia, the British withdrawal from the Persian Gulf region left a power gap.<sup>51</sup> The administration adopted a policy to increase the US political presence in the region, marking a shift from the UK to the US.<sup>52</sup>

Heath chose to maintain limited troops in South East Asia for two main reasons. Firstly, on the domestic front, the Five Power Defence arrangements fulfilled an election pledge to reverse the East of Suez run-down, without a serious economic and military commitment. Heath made the pledge because he wanted to retain a world role rather than just focussing on European defence matters and as a method of opposing the Wilson government's military credentials. Secondly, Heath shared America's Cold War strategy in the region, which sought to contain the spread of communist influence. Meanwhile, the US government supported Heath's

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<sup>47</sup> 805 H.C. Deb. 223-224, 28 October 1970.

<sup>48</sup> Memo; Helmut Sonnenfeldt (NSC Staff Member) to Kissinger; "UK Defence Paper – Urgent Need for Guidance to Agencies on How to React"; 30 October 1970; Box H-219; NSC Institutional Files: Policy Files: NSDM; NPM; NPL.

<sup>49</sup> Memo; Kissinger to Nixon; "Directive on Our Reaction to New British Defence White Paper"; 3 November 1970; Box H-219; NSC Institutional Files: Policy Files: NSDM; NPM; NPL.

<sup>50</sup> Memo; Kissinger to Rogers & Laird; "British White Paper on Defence"; 3 November 1970; Box H-219; NSC Institutional Files: Policy Files: NSDM; NPM; NPL.

<sup>51</sup> Memo; "US Policy Options toward the Persian Gulf"; 19 October 1970; Box H-220; NSC Institutional Files: Policy Files: NSDM; NPM; NPL.

<sup>52</sup> Memo; "NSDM 92: US Policy Toward the Persian Gulf"; 7 November 1970; NSC Institutional Files: Policy Files: NSDM; NPM; NPL.

decision on East of Suez because it stopped the trend of the UK reducing its contribution to world-wide defence. Moreover, it provided the necessary military presence to protect the sea and air lanes in the region. In fact, during the Yom Kippur War, the UK supplied the US navy with over 17,000 tons of fuel from their bases in Singapore and the Indian Ocean, which showed the importance of Anglo-American defence cooperation.<sup>53</sup>

## Nuclear Relations

### Anglo-French Nuclear Collaboration, 1970-1971

In the 1960s and 1970s a debate grew in Anglo-French diplomatic circles on the possibility of a long term nuclear cooperation project.<sup>54</sup> Realistically this seemed remote in the 1960s under de Gaulle because he wanted to develop an independent nuclear force for France.<sup>55</sup> Moreover, in 1966, de Gaulle had withdrawn France from the military part of NATO, and turned down the proposal of a shared nuclear force with Britain and the US. But in 1969, the new French President, Pompidou, took a more sympathetic view of Britain joining the EC, and had called for greater defence integration.<sup>56</sup> Heath had backed the idea of Anglo-French nuclear collaboration as Leader of the Opposition in the late 1960s.<sup>57</sup> The opening of Britain's negotiations to join the EC revived interest in the idea.<sup>58</sup>

The possibility of Anglo-French nuclear cooperation seemed to challenge the nature of the US-UK nuclear relationship. Between 1958 and 1964, Britain and the US had reached agreements on the exchange of information about the design and production of nuclear warheads and delivery system and on the transfer of materials, culminating in the Nassau Agreement, in which US President Kennedy sold Britain the Polaris missile delivery system.<sup>59</sup> The UK built the submarines and warheads. This transatlantic nuclear collaboration formed a central part of the 'special' Anglo-American relationship. The UK's strategic force, assigned to NATO, strengthened the Atlantic Alliance and the security of Western Europe (although the UK maintained independent strike control). Another aspect of the Anglo-American defence relationship, the sharing of military facilities in the UK, formed a part of the US nuclear

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<sup>53</sup> Memo; Sir John A. Thomson (FCO Assistant Under-Secretary of State, Defence/International Security Affairs); "Fuel for the US Navy"; 13 December 1973; FCO 46/962.

<sup>54</sup> Report; "Anglo-French Relations"; September 1970; PREM 15/1560; NAUK.

<sup>55</sup> Samuel Wells, "The United States, Britain, and the Defence of Europe", in The Special Relationship, eds., Bull & Louis, 132.

<sup>56</sup> Telegram; Christopher Soames (British Ambassador in Paris) to FCO; Diplomatic Report No. 192/70; 5 March 1970; FCO 33/985; NAUK.

<sup>57</sup> Heath, Old World, New Horizons, 4.

<sup>58</sup> 804 H.C. Deb. 235-238, 21 July 1970.

<sup>59</sup> Middeke, "Anglo-American Nuclear Weapons", 69-96. The key agreements were the 1958 "Agreement for Cooperation on the Uses of Atomic Energy for Mutual Defense Purposes" and the 1963 "Polaris Sales Agreement".

presence in Europe.<sup>60</sup> Under the Nassau arrangements, Britain would not pass on US atomic information to other countries without US consent, and so any Anglo-French cooperation would require US approval. Anglo-French nuclear cooperation implied a potential shift in Britain's nuclear relations from the US to France and the EC, and questioned the future nature of European defence.

Douglas-Home and the French Foreign Minister Maurice Schumann discussed the principal of Anglo-French nuclear collaboration in Paris on 15 July 1970. Douglas-Home said that "there should be no taboo" in broaching the question of future nuclear relations with the UK government. Moreover, he argued that as the US progressively withdrew from Europe over the next few decades, greater responsibilities would fall on the two European nuclear powers and thus there might be scope for a "kind of Franco-British force". Schumann said that no taboo existed on the French side, but that "nuclear cooperation would have to be outside NATO". In principle this challenged the traditional US-UK nuclear relationship, the UK's position on NATO, and France's independent stance on nuclear policy. But this exchange lacked real substance.<sup>61</sup>

In October 1970 a paper prepared by the MOD and the FCO recommended that the government avoid any initiative on Anglo-French collaboration so as to not disrupt the US-UK nuclear relationship. The departments argued that over the decades EC integration in the defence field would probably grow. However in the immediate term no form of technical cooperation with France could remotely compare in value to the nuclear relationship with the US. The UK's dependence on US technology thus undermined the argument for cooperating with the French. The paper also thought that "there is little likelihood" that the US government would support Anglo-French collaboration both politically and in terms of technological transfer.

Throughout 1970 and 1971 the Heath government believed that they needed to convince the French that the UK was committed to the European integration project in all fields, including defence, which in theory would help them gain entry into the EC. But regarding the UK's application to join the EC the FCO/MOD report concluded that the "value of an offer of cooperation as a card of entry to the Communities is...at best limited". This strongly backed the continuation of the Anglo-American nuclear relationship and expressed scepticism at the prospect of cooperation with the French.<sup>62</sup>

However, some members of the Heath government and officials strongly disagreed with this assessment, which displayed uncertainty over the UK's future nuclear relations. The

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<sup>60</sup> Letter; Nixon to Heath; "Nuclear Consultation with the British"; 15 December 1970; Box 63; HAK Country Files: Europe: General; NPM; NPL.

<sup>61</sup> Minutes; "Record of Conversation between the Foreign and Commonwealth Secretary and the French Foreign Minister at the Quai d'Orsay"; 15 July 1970; FCO 41/763; NAUK.

<sup>62</sup> Paper; "Anglo-French Nuclear Cooperation in the Defence Field: Paper by the Foreign and Commonwealth Office and the Ministry of Defence"; October 1970; FCO 41/764; NAUK.

Chancellor of the Duchy of Lancaster (CDL) Geoffrey Rippon considered it “negative and shaky” and that the US might actually welcome a greater European role in nuclear research.<sup>63</sup> Solly Zuckerman (Chief Scientific Adviser, 1964-1971) told Heath that the FCO’s political views had clearly been overridden by MOD technical experts, thus distorting the paper.<sup>64</sup> The Cabinet Secretary Sir Burke Trend also found the paper “negative”. This represented a dilemma in government over the balance to be sought between maintaining the Anglo-American nuclear relationship and pursuing future Anglo-French collaboration.

Indeed, over the coming months a major divide emerged between the MOD and the FCO. The MOD did not believe that an effective force could be realistically created with the French before the mid-1980s, by which time the UK’s Polaris missile system would be obsolete, and thus in the intervening time the UK needed to work with the US. This could be jeopardised if the UK pursued nuclear collaboration with the French too quickly and too prominently. On the other hand, the FCO took the view that in order to bring France back into a collective Europe or Atlantic defence organisation the UK must offer France the opportunity for collaboration, rather than keeping nuclear cooperation exclusively with the US. Trend warned Heath that “it would be fatal to sacrifice the substance for the shadow” and that Anglo-French nuclear cooperation “may prove to be merely an illusion”.<sup>65</sup> Even so, this should not prevent the UK approaching the issue in the FCO’s “spirit of initiative” rather than the MOD’s “spirit of gradualism”.<sup>66</sup>

On 18 November 1970 Heath held a top secret meeting with Douglas-Home and the Secretary of Defence Lord Carrington on the opportunities for Anglo-French nuclear collaboration. Despite the MOD/FCO paper, Heath believed that defence issues might be significant in gaining French support for the UK’s entry into the EC. He wanted a positive position established in time for a possible meeting with the French President Pompidou in May or June 1971 which could help in the “striking of a final bargain on the terms of entry”. Carrington recognised both the organisational and technical difficulties of working with France.<sup>67</sup> Organisationally, the UK’s nuclear deterrent functioned as part of NATO and the Atlantic Alliance, while the French nuclear force operated independently. Similarly, on the technical front the UK worked with the US, in contrast to France which developed their nuclear capability nationally. This underlined the obstacles to any Anglo-French nuclear force 1970-1974 and was the foundation of the MOD’s scepticism. Nevertheless, Heath decided (in

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<sup>63</sup> Memo; Rippon to Douglas-Home; “Future of European Defence: Anglo-French Nuclear Cooperation”; 30 October 1970; FCO 41/764; NAUK.

<sup>64</sup> Letter; Zuckerman to Heath; 5 November 1970; PREM 15/299; NAUK.

<sup>65</sup> Minute; Trend to Heath; 4 March 1971; PREM 15/299; NAUK.

<sup>66</sup> Minute; Trend to Heath; 5 March 1971; PREM 15/299; NAUK.

<sup>67</sup> Minutes; “Anglo-French Nuclear Collaboration: Note of a Meeting held at 10 Downing Street”; 18 November 1970; CAB 134/490; NAUK. Heath established a special cross-department official committee to review this issue, called the “Inter Departmental Study on Anglo-French Defence Collaboration”. For the minutes and memorandum: CAB 130/493; NAUK. For the establishment of the committee: Minute; Heath to Trend; 20 November 1970; PREM 15/299; NAUK.

agreement with the FCO) to make an approach to the US administration on the issue of Anglo-French nuclear cooperation.

But first Carrington sought clarification from the French Defence Minister, Michel Debré, on the possibility of nuclear cooperation, important in light of the need to decide on the nature of the UK's Polaris missile system upgrade (discussed below). Meeting in London on 20 November 1970, Debré said that France's defence system needed to be independent and that their government did "not favour a multilateral approach". Moreover, the French believed that the UK's nuclear relationship with the US prevented any major Anglo-French cooperation in the foreseeable future. This supported the argument for building closer US-UK nuclear relations.<sup>68</sup>

At the December 1970 Washington summit Heath and Nixon viewed Anglo-French nuclear cooperation as a beneficial component of the Atlantic Alliance, and thus they reached an Anglo-American understanding on the issue. In arranging the meeting, Heath specifically asked for a private conversation with Nixon which the administration arranged to take place at Camp David.<sup>69</sup> Heath informed Nixon that the French might be interested in collaborating in the defence field which might create the opportunity to bring France closer to NATO and perhaps even back into the organisation. Nixon strongly supported any move to bring France back into NATO, telling Heath that "you should feel that you have a great deal of running room on this...I would tend to be quite outgoing". Kissinger warned that this was domestically a "very sensitive issue". The administration already faced pressure over the level of US troops in Europe, which would come under further strain in light of Anglo-French cooperation. It could also undermine Congressional support for the US-UK nuclear relationship. Kissinger requested that the UK refrain from discussing the issue with the State Department and the DOD, and deal directly with himself and the president.<sup>70</sup> Nixon and Heath kept in close personal contact on this issue.<sup>71</sup>

The Washington summit also showed that the MOD had underestimated the willingness of the US to contemplate Anglo-French nuclear collaboration. In fact, the US themselves embarked on a move towards working with the French in this field. On 28 April 1971 Kissinger informed Cromer, for the "eyes of [the] Prime Minister only", that the US would soon approach the French on an interchange of information on building a safer nuclear weapon, which could in the long-term open the door to a triangular US-UK-French nuclear relationship.<sup>72</sup> Heath reacted to this with the concern that the French might assume that the US move had been inspired by the UK, creating a political problem in the EC negotiations, while the FCO thought that this

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<sup>68</sup> Minutes; "Record of a Tête à Tête Conversation between the Secretary of State for Defence and M. Michel Debré"; 20 November 1970; CAB 164/900; NAUK.

<sup>69</sup> Telecon; Kissinger to Freeman; 28 October 1970; Box 7, File 4; Kissinger Telecons: Chronological Files; NPM; NPL.

<sup>70</sup> Minutes; "Record of a Meeting between the Prime Minister and President Nixon at Camp David"; 18 December 1970; PREM 15/161; NAUK.

<sup>71</sup> Letter; Heath to Nixon; 26 March 1971; PREM 15/715; NAUK. Letter; Heath to Nixon; 29 May 1973; PREM 15/1357; NAUK.

<sup>72</sup> Telegram; Cromer to Greenhill; 28 April 1971; CAB 164/902; NAUK.

initiative would cut out the UK.<sup>73</sup> But the administration reassured the UK that US information would only help the French develop a safer weapon, not a stronger weapon, and thus it only represented a basic level of cooperation.<sup>74</sup>

In January 1971 Jean-François Deniau, the French EC Commissioner in charge of the enlargement negotiations, advised Heath that a British initiative on Anglo-French nuclear relations would have little influence on the outcome of the UK's application.<sup>75</sup> Yet Heath still believed that defence issues would be a key factor in displaying the UK's commitment to the European project.<sup>76</sup> The British Ambassador in Paris, Christopher Soames, also advised Heath that the "long term desirability of a European defence potential...will be the key element".<sup>77</sup>

On 20 May 1971 Heath met Pompidou in Paris to settle the final EC negotiation issues. Heath explained that the UK government did not want an exclusive partnership with the US. While the US "nuclear umbrella" provided an important security for Europe, the EC should also develop its defence role. However, Pompidou felt that "some kind of Anglo-French nuclear entente was not for the present", reflecting the major difference in the nature of their two nuclear capabilities.<sup>78</sup> Heath then wrote to Nixon, reporting that "I did not discuss defence questions at any length" and that "we did not go into nuclear matters".<sup>79</sup> This meeting indicated Heath's strong desire to secure France's definite support for UK membership of the community. It also showed that while raising the possibility of Anglo-French nuclear collaboration, Heath still held on to the importance of the US nuclear 'guarantee' in Europe and Anglo-American cooperation in the defence field.

The Heath government seriously considered the possibility of building closer nuclear relations with France during the UK's negotiations to join the EC and in the long term as a member. The French independent stance on nuclear policy and the UK's nuclear dependence on the US created major obstacles to any concrete developments on this issue 1970-1974. The US and the UK came to an early understanding on increased nuclear cooperation with France in the context of the Atlantic Alliance and Cold War. But complications grew over the need for the UK to update its nuclear system.

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<sup>73</sup> Memo; "Note for the Record"; 3 May 1971; CAB 164/902; NAUK. Memo; Greenhill to Trend; 3 May 1971; CAB 164/902; NAUK.

<sup>74</sup> Telegram; Cromer to Greenhill; 5 May 1971; CAB 164/902; NAUK.

<sup>75</sup> Memo; Robert Armstrong; "Note for the Record"; 4 January 1971; CAB 164/900; NAUK.

<sup>76</sup> Memo; "Note of a Meeting held at 10 Downing Street: Common Market Negotiations"; 30 April 1971; PREM 15/371; NAUK.

<sup>77</sup> Memo; Soames to Greenhill; "Prime Minister's Visit to Paris"; 7 May 1971; PREM 15/371; NAUK.

<sup>78</sup> Minutes; "Record of Conversation between the Prime Minister and the President of the French Republic in the Élysée Palace, Paris"; 20 May 1971, 10.00 a.m.; The Margaret Thatcher Foundation [online];

<http://www.margaretthatcher.org/archive/heath-eeec.asp>

<sup>79</sup> Letter; Heath to Nixon; 27 May 1971; PREM 15/715; NAUK.

UK Polaris Upgrade and Anglo-American Relations - Research Stage, 1970-1972

The Heath government's security policy, centred on US-UK nuclear collaboration, faced uncertainty in the early 1970s because of the growing sophistication of nuclear technology, arms limitation talks, and a possible movement towards Anglo-French nuclear collaboration for the defence of Europe. From 1970-1972, the UK government, at the top secret level, embarked on a 'project definition stage', which would conduct research into the improvement of the Polaris missile system. This phase displayed that the UK chose to extend Anglo-American defence cooperation rather than seeking a Europe-centred nuclear policy.

SALT created a problem in Anglo-American nuclear relations under Heath and Nixon. The UK focussed on two major issues. Firstly, the UK wanted a reduction of Anti-Ballistic Missiles (ABMs) in Europe in order "to maintain the effectiveness of the British deterrent at the lowest possible cost", while at the same time not leaving Europe exposed. Secondly, the Soviet Union wanted a SALT agreement to forbid the transfer of strategic nuclear arms and technology to third parties, which would thus include the UK's Polaris system, dependent on the US. In light of SALT, a degree of UK anxiety existed on the issue of protecting the UK's nuclear deterrent and NATO's defence position in Europe.<sup>80</sup>

The US and the UK kept in close contact throughout SALT. On 12 July 1970 Rogers promised to periodically brief the British Embassy in Washington. He also acknowledged the concerns of the UK government regarding the 'no transfer' issue and the level of ABMs.<sup>81</sup> Nixon also made an effort to keep Heath up-to-date with personal letters on the state of the SALT negotiations, especially in the build-up to the Nixon-Brezhnev meeting, explaining that SALT would be founded on "Western cohesion and the Atlantic Alliance".<sup>82</sup> On Kissinger's trip to London in June 1971 he told British officials that "the no transfer issue at SALT appeared to be dormant", although this fell short of a full confirmation that it would be left out of an agreement. Moreover, it seemed likely that the level of ABM systems permitted under SALT meant that the UK needed to either upgrade or replace their Polaris system in order for it to remain effective. Therefore, UK anxieties on this issue continued throughout both SALT I (1969-1972) and in the build-up to SALT II.<sup>83</sup>

On Heath's entry into government in June 1970 the MOD pushed for an improvement to the Polaris missiles. The UK force consisted of four submarines with Polaris A-3 missiles, with at least one Polaris submarine on patrol at all times. Each submarine could potentially carry sixteen missiles with four warheads each, making a maximum of sixty-four warheads per

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<sup>80</sup> Memo; "Strategic Arms Limitation Talks: Brief by Foreign and Commonwealth Office"; 30 November 1970; CAB 133/398; NAUK.

<sup>81</sup> Minutes; "Note of the Prime Minister's Private Talk with Mr. William Rogers, the US Secretary of State"; 12 July 1970, 11.45 a.m.; FCO 7/1828; NAUK.

<sup>82</sup> Letter; Nixon to Heath; 3 May 1972; FCO 82/205; NAUK.

<sup>83</sup> Minutes; "Note of a Meeting held in Sir Burke's Room, Cabinet Office"; 24 June 1971, 11.15 a.m.; CAB 133/408; NAUK. SALT II eventually took place in 1977-1979.

submarine.<sup>84</sup> But intelligence sources suggested that the Soviet construction of complex Russian ABM systems around Moscow and the major cities of Western Russia, which included two large early warning radars, a large fire control radar (to calculate and track the path of warheads), and at least sixty-four missile launch sites, undermined the UK's nuclear deterrent credibility. Carrington warned Heath that Polaris must be hardened, with special decoys added to confuse the Russian ABM defence system or the UK's nuclear capability "will be virtually eliminated by the mid 1970s". The MOD requested an immediate start to the project definition stage, with an initial research cost of £4 million over two years. After the first stage the actual Polaris improvement programme would cost an estimated £85 million over seven years.<sup>85</sup> This project was known as Super Antelope.<sup>86</sup>

Some officials and members of the Heath government expressed scepticism at seeking a Polaris improvement because of détente and Britain's application to join the EC. Solly Zuckerman wrote to Heath that the MOD's plans were the start of a "slippery slope" towards a "further phase of an arms race". Zuckerman criticised the MOD's intelligence assumption that the Russians had an effective ABM system. He thought that the government should wait until after the SALT negotiations, which could possibly result in the complete abandonment of ABMs anyway.<sup>87</sup> Robert Armstrong (Heath's Principal Private Secretary) advised that the MOD's upgrade plans involved going to the US for help which "would make it more difficult for us to make a deal with the French on nuclear policy".<sup>88</sup> The Ministerial Committee on Nuclear Policy convened on 20 July 1970 to discuss the MOD's paper.<sup>89</sup> Heath decided to delay any decision until September 1970 due to doubts over the progress of SALT, financial pressures, and the uncertainty over the future of Anglo-French nuclear cooperation.<sup>90</sup>

On 21 October 1970 the MOD once again pushed for the launching of a project definition study into the improvement of the Polaris missile system. Carrington said that, according to the US, the prospect of a complete ABM ban in Europe under SALT seemed remote. He argued that the UK must act urgently "for us to bid for our requirements within the US planning schedule...at relatively little cost". Otherwise the UK's own experiments "would

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<sup>84</sup> HMS ships Resolution, Repulse, Renown, and Revenge.

<sup>85</sup> Memo; Carrington to Heath; "Improvement of the Polaris System"; 16 July 1970; PREM 15/1359; NAUK.

<sup>86</sup> The US already had a Polaris improvement program in development in the 1960s called Antelope. The UK sought a greater degree of hardening, although of a similar nature to US Antelope, and therefore named their project Super Antelope – codename ARTIFICER. In March 1974 it was renamed Chevaline and the upgraded missiles became the Polaris A-3TK.

<sup>87</sup> Letter; Zuckerman to Heath; "Improvement to Polaris System"; 17 July 1970; PREM 15/1359; NAUK.

<sup>88</sup> Memo; Armstrong to Heath; 19 July 1970; PREM 15/1359; NAUK.

<sup>89</sup> Chaired by Heath, also on the committee were Carrington, Douglas-Home, and Geoffrey Rippon (Minister of Technology, 20 June 1970-28 July 1970).

<sup>90</sup> Minutes; 20 July 1970; CAB 134/3018, Ministerial Committee on Nuclear Policy (NP) (70) 1<sup>st</sup> Meeting; NAUK.

be ten times more expensive”.<sup>91</sup> Moreover, as discussed above, little progress had been made in discussing nuclear cooperation with the French. Heath subsequently agreed on 26 October 1970 to the immediate start of the Super Antelope research project, to be completed by approximately 1972, and that Carrington should inform the US Secretary of Defense Melvin Laird.<sup>92</sup>

Carrington and officials travelled to Washington on 23 November 1970, informing the US of the Polaris upgrade study. The British Ambassador in Washington, John Freeman, noted that “there was a good deal of understanding of our position” in a “relaxed and informal atmosphere”.<sup>93</sup> From November 1970 and throughout 1971, the US supplied the UK with technical information on hardening modifications and provided the UK with space in their underground nuclear testing sites. But the US made no firm commitment beyond the project definition stage, and none of the previous Anglo-American nuclear agreements committed the US to assist in strengthening Polaris. If Nixon decided to back Super Antelope then the 1958 agreement for atomic cooperation was broad enough to include such assistance. In fact, the US had already offered the UK the original US Antelope modifications, but Wilson turned it down in search of a stronger alternative.<sup>94</sup> This early stage of the project development displayed the continuation of Anglo-American nuclear and defence cooperation during the UK’s negotiations to join the EC.

On 17 April 1971 Nixon ordered an NSC examination into nuclear cooperation with Britain, taking into account the long term strategic and political implications of an improved Polaris system.<sup>95</sup> Strategically, the NSC believed that the UK nuclear force “makes a relatively small contribution to US strategic objectives”, contributing about 7% of NATO’s total coverage. Moreover, the Polaris improvement focussed on UK national needs. This contradicted US nuclear doctrine of seeking central command over the nuclear forces of the alliance, although it noted that this “is no longer possible anyway” and that “the UK (and also the French) nuclear force could assume increasing importance” which could benefit the US. Neither French nor UK nuclear forces were capable against Russia without a US nuclear guarantee. But overall the NSC believed that strategically the UK nuclear force contributed to deterring a Soviet attack against Western Europe.<sup>96</sup>

Politically, the Super Antelope projected partly conflicted with US détente policy. If US-UK collaboration on the project became known in Moscow, it might be viewed as

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<sup>91</sup> Memo; Carrington to Heath; “Improvements of the Polaris System”; 21 October 1970; PREM 15/1359; NAUK.

<sup>92</sup> Memo; Armstrong to A. Jaffray (MOD); 27 October 1970; PREM 15/1359; NAUK.

<sup>93</sup> Memo; John Freeman; “Visit to Washington of the Secretary of State for Defence”; 15 December 1970; DEFE 13/932; NAUK. The file also contains the minutes of the meetings.

<sup>94</sup> Memo; David Packard (Deputy Secretary of Defense) to Kissinger; 25 March 1971; Box H-182; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>95</sup> Memo; “NSSM 123: US-UK Nuclear Relations”; 17 April 1971; Box H-182; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>96</sup> Study; “US-UK Nuclear Relations: NSSM 123”; 2 July 1971; Box H-182; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

“circumventing” SALT and “aiding a third country” in the arms race.<sup>97</sup> The US Arms Control and Disarmament Agency (ACDA) wanted US support for Super Antelope to be on a case-by-case basis with no long-term commitment because of the SALT negotiations and possible follow-on.<sup>98</sup> The State Department also thought that the program “would be ill-timed and have adverse political impact during the forthcoming period” of détente.<sup>99</sup> But the NSC decided that the upgrade “would not be likely to jeopardize our objective in SALT”.<sup>100</sup>

In terms of Anglo-American and European relations, the NSC noted that “a positive response would be consistent with the overall political relationship which the President wants to maintain with the Heath government”. But the NSC thought that the UK Polaris upgrade affected “our entire European nuclear policy”. It could limit US flexibility on the possibility of future cooperation and movement towards a European nuclear force and discourage Anglo-French collaboration. Furthermore, it “could jeopardize ratification of British accession, especially in France”.<sup>101</sup> The CIA particularly focussed on this point, arguing that “US relations with the French could be adversely affected in the future”. It could also lead to “a fresh round of suspicion with regard to British intentions” in joining the EC, displaying concern for the ‘Trojan horse’ issue.<sup>102</sup> However, the NSC report concluded that “the moment is not at hand to encourage UK-French nuclear cooperation”. The report demonstrated political and strategic support for the US-UK special nuclear relationship.<sup>103</sup>

Most of the relevant heads of agencies and government departments largely agreed with the findings of the NSC report. The Atomic Energy Commission (AEC), which had actively worked with the UK on the design and development of nuclear weapons for many years, wanted to continue the relationship for the benefit to both countries.<sup>104</sup> The Joint Chiefs of Staff also welcomed the strengthening of the Polaris system, which supported their overall strategic position in Europe.<sup>105</sup> The DOD thought that if the US terminated assistance it would fundamentally harm the US-UK political relationship. Moreover, it could “create problems concerning US base rights in the UK and its territories”, which indicated the importance of the

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<sup>97</sup>

Ibid.

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Memo; Philip Farley (ACDA Acting Director) to Kissinger; “Comment on the Study on US-UK Nuclear Relations: NSSM 123”; 8 July 1971; Box H-182; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

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Memo; Theodore Elliot to Kissinger; “Department of State Position on Response to NSSM 123 – US-UK Nuclear Relations”; 9 July 1971; Box H-182; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>100</sup>

Study; “US-UK Nuclear Relations: NSSM 123”; 2 July 1971; Box H-182; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>101</sup>

Ibid.

<sup>102</sup>

Memo; John Hedley (CIA Special Assistant for NSC Affairs) to Jeanne Davis (NSC Staff Secretary); “NSSM 123: US-UK Nuclear Relations”; 8 July 1971; Box H-182; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>103</sup>

Study; “US-UK Nuclear Relations: NSSM 123”; 2 July 1971; Box H-182; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

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Memo; James Schlesinger (AEC Chairman) to Kissinger; 8 July 1971; Box H-182; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>105</sup>

Memo; Frank Clay (JCS Deputy Director) to Laird; “US-UK Nuclear Relations: NSSM 123”; Box H-182; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

alliance to US security needs.<sup>106</sup> Finally, Kissinger backed the UK's plans "since the UK nuclear force contributes to western deterrence strength" and hence "it is in our interest to assist the British".<sup>107</sup> Nixon issued a directive on 29 July 1971 which approved US backing for the Super Antelope research project. But this directive did not commit the US to continued support for the actual development of the system – a presidential decision still needed to be made on a future UK nuclear deterrent.<sup>108</sup> Nevertheless, this showed the continuation of the close Anglo-American nuclear relationship for both political and strategic reasons during the research stage of the Polaris upgrade.

In May 1972 the results of SALT I, which Heath and the FCO considered a major achievement, did not include a 'no transfer' clause.<sup>109</sup> But another issue turned up in the SALT negotiations. The Soviet Union said that any rise in the combined number of ballistic missile submarines of the US, the UK, and France, would give the Soviet Union the right to increase their ceiling. But Nixon "firmly rejected" that third party nuclear weapons could be taken into account.<sup>110</sup> Heath and UK officials soon turned their attention to SALT II and the importance of preserving the US commitment to the UK nuclear deterrent. Heath wrote to Nixon in June 1972, pleading for the US to avoid any 'no transfer' provisions in future US-Soviet bilateral arms agreements. Heath also thought that the Soviet Union were likely to raise the issue of UK and French nuclear capabilities in SALT II, and link it to US weapons as a whole, and therefore UK anxiety continued over arms negotiations and détente.<sup>111</sup>

More importantly in terms of Super Antelope, the ABM Treaty permitted Russia to deploy one hundred ABM launchers around Moscow and to widen their radar arcs over the North Atlantic. The UK Polaris submarines contained insufficient fire power and strength to penetrate such a defence system, likely to be in place by 1975 according to British intelligence assessments. Therefore the UK Chiefs of Staff advised Heath that Britain "needs a new system" if the government wanted to retain a nuclear deterrent force.<sup>112</sup>

The MOD reported to Heath on 6 November 1972 regarding the two year Super Antelope research project. It advocated and showed the continuation of the special Anglo-American nuclear relationship. Throughout 1972 the original estimated cost of the study had steadily risen, from £4 million in 1970 to £7.5 million in February 1972, reaching £9 million by

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<sup>106</sup> Memo; Packard to Kissinger; "NSSM 123 – US-UK Nuclear Relations"; 10 July 1971; Box H-182; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>107</sup> Memo; Kissinger to Nixon; "US-UK Nuclear Relations"; ND; Box H-182; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>108</sup> Memo; "NSDM 124: US-UK Nuclear Relations"; 29 July 1971; Box H-182; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

<sup>109</sup> Letter; Heath to Nixon; 3 June 1972; FCO 82/205; NAUK. Memo; "SALT II: Brief by the Foreign and Commonwealth Office"; 18 January 1973; FCO 82/293; NAUK.

<sup>110</sup> Letter; Nixon to Heath; 8 June 1972; FCO 82/205; NAUK.

<sup>111</sup> Letter; Heath to Nixon; 20 June 1971; FCO 82/205; NAUK.

<sup>112</sup> Minutes; "Note of a Meeting of Minister"; 15 November 1972; PREM 15/1359; NAUK.

April 1972.<sup>113</sup> The Treasury accepted this, as an “integral part of our defence policies”, although it needed to come out of the MOD budget rather than a special fund.<sup>114</sup> Heath also consented to the added cost, despite financial pressures, which pointed to the government’s commitment to an independent nuclear deterrent.<sup>115</sup>

With the SALT issues temporarily out of the way until the end of the decade, the British dilemma centred on two issues. Firstly, to what degree should the UK pursue continued cooperation with the US, in relation to the degree of possible cooperation with the French, for both the life-time of the Polaris and its replacement into the 1990s and the 21<sup>st</sup> century? By November 1972 the state of play indicated that Anglo-French collaboration, in the immediate term and up to the 1980s, would be of little significance, focussing on just the sharing of safety information and the coordination of nuclear targeting and deployment.<sup>116</sup> The French government had adopted a non-committal stance. If France and Britain entered into an association for the creation of a European nuclear force, it raised questions regarding the level of German participation. The French had indicated to the UK government that they would not accept any German nuclear role.<sup>117</sup> In order for the UK to have a credible nuclear deterrent for the rest of the 1970s and 1980s, the Heath government needed to deepen its nuclear relations with the US for the hardening of the Polaris, rather than wait for an EC defence posture to develop. Secondly, while the Conservative government politically backed the maintenance of a nuclear deterrent, and independence in the sense of deployment control, what degree of independence should the UK seek in terms of development and production? Under Nassau, the UK purchased US missiles, but built the submarines and nuclear warheads to preserve research knowledge and nuclear capability for the future.<sup>118</sup> Therefore, the UK government needed to determine the level and type of Anglo-American collaboration.

As a result of the project definition, the MOD recommended to Heath three options on maintaining the UK’s nuclear deterrence: (1) Super Antelope; (2) Poseidon; (3) Hybrid/Stag. Discussions also took place on just building a fifth Polaris submarine without upgrading the missile or warhead capabilities, but in terms of cost and effectiveness, the MOD disregarded this option.<sup>119</sup>

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<sup>113</sup> Memo; Carrington to Heath; “Improvement to Polaris System”; 9 February 1972; PREM 15/1359; NAUK. Memo; Carrington to Heath; “Future of Strategic Nuclear Deterrent”; 11 April 1972; PREM 15/1359; NAUK.

<sup>114</sup> Letter; Anthony Barber (Chancellor of the Exchequer) to Heath; “Improvements to the Polaris System”; 21 February 1972; PREM 15/1359; NAUK.

<sup>115</sup> Memo; Trend to Heath; “Future of Strategic Nuclear Deterrent”; 17 April 1972; PREM 15/1359; NAUK.

<sup>116</sup> Minutes; “Record of Meeting between the Defence Secretary and the French Defence Minister at the Ministry of Defence”; 20 November 1972; DEFE 13/391; NAUK.

<sup>117</sup> Memo; Trend to Heath; “United Kingdom Nuclear Deterrent”; 16 June 1972; PREM 15/1359; NAUK.

<sup>118</sup> Ibid.

<sup>119</sup> Memo; Carrington to Heath; “Strategic Nuclear Policy”; 6 November 1972; PREM 15/1359; NAUK.

Firstly, the Super Antelope option would have the penetration capability, could be developed in less than 10 years at a reasonable cost (£149 million), and protect UK nuclear expertise. As an upgrade to the Polaris missile, it would become obsolete after the US Navy took it out of service (around 1985) thus creating long-term uncertainty. But it would leave open the option of working with the French from the mid-1980s onwards for a replacement.

The next option considered the purchasing of the US Poseidon – the second generation US Navy ballistic missile system which succeeded the Polaris from March 1971. A far superior system to the Polaris, it included the newly designed multiple independently targetable re-entry vehicle (MIRV) which allowed for 3-14 nuclear warheads on a single C3 missile, and it greatly improved accuracy and range. Thus, a single UK submarine could potentially launch 224 warheads, compared to the 64 on a Polaris submarine, enhancing the UK's deterrence capability. While the UK could retain its British-built warheads, the Poseidon would replace the UK's own re-entry vehicle, increasing their dependence on US technology, and undermining future Anglo-French collaboration. Politically the US administration expressed reluctance to transfer the Poseidon MIRV technology to the UK because of Congressional limitations. Moreover, it had the highest cost of all the options.

The third option, known as the Hybrid/Stag, examined the feasibility of combining a US Poseidon C3 missile (without the US designed MIRV) with an improved British warhead and re-entry vehicle, similar to the Super Antelope hardened weapon. At £146 million, it cost slightly less than the Super Antelope. This had the benefit of adding the next generation of missile to the UK fleet, with a far more accurate and larger load of weapons. It had a longer life than the Super Antelope, lasting into approximately the mid-1990s, and it matched technical developments in the US, thus making it easier for future upgrades. It also retained significant UK nuclear technology and expertise. By maintaining UK independence for future weapon development, it would help in Anglo-French nuclear collaboration. But at the same time, the Poseidon element of the Hybrid would make the UK force far superior to the French capability, creating an imbalance with the French, and requiring the transfer of US technical knowledge in any Anglo-French project. This would be a political problem for the US administration and the French government.<sup>120</sup>

On 15 November 1972, Heath endorsed the “maintenance of our independent British strategic nuclear capability”. As a first step he would speak to Nixon at the upcoming meeting in Washington on examining the upgrade and improvement options, with preference for the Hybrid/Stag because of the retention of UK technology while adding the most sophisticated missiles. Heath also wanted to keep in mind the possibility of future Anglo-French nuclear collaboration in deciding which system to eventually adopt.<sup>121</sup> This revealed that the UK

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<sup>120</sup> Memo; Carrington to Heath; “Strategic Nuclear Policy”; 6 November 1972; PREM 15/1359. Minutes; “Note of a Meeting of Minister”; 15 November 1972; PREM 15/1359; NAUK.

<sup>121</sup> Minutes; “Note of a Meeting of Minister”; 15 November 1972; PREM 15/1359; NAUK.

strongly support the continuation of US-UK nuclear relations in upgrading Polaris while also showing the Heath government's long term consideration for future European defence cooperation.

#### UK Polaris Upgrade and Anglo-American Relations – Decision Stage, 1973-1974

At the Heath-Nixon meeting in Washington D.C in February 1973 Heath sought a firm US endorsement of the UK nuclear deterrent. As discussed previously, this meeting marked the high point of the Heath-Nixon relationship due to the UK's continued support for Nixon's Vietnam War policy. Coming one month after the UK's EC accession, Nixon and Heath agreed on the need for a change in US-European trade and monetary relations, part of the build-up towards the 'Year of Europe'. Nixon said that "he did not expect Britain to be the United States stooge in Europe". This partly displayed recognition of the UK's new role as a member of the EC. But it also hinted at previous Anglo-American discussions since 1970, in which the Heath government assured Nixon that the UK would seek to promote an Atlantic, outward looking EC.

The discussion turned to nuclear relations. Heath handed Nixon an aide memoire, called "Improvement of British Strategic Submarine Deterrent Force", submitted to the US administration on 18 January 1973, which set out the three options for the Polaris upgrade, indicating the UK government's preference for the Hybrid/Stag solution. Heath said that he could not get an answer from the NSC on the political feasibility of the US selling the UK the Poseidon missiles system. Kissinger interjected: "this was because they were basically opposed to it". Nixon said that he "was sympathetically disposed towards the idea of continuing collaboration with the United Kingdom on the deterrent" despite problems with the US Congress and with the Soviet Union during SALT II, and, subject to these obstacles, he would sell Poseidon if the UK wanted it.<sup>122</sup> Nixon assigned James Schlesinger and Kissinger as the points of contact for future discussion, in order to prevent leaks from the DOD and military services.<sup>123</sup> This meeting showed Anglo-American cooperation in defence and arms matters, and in some ways it represented the UK's dependence on US nuclear research.

Shortly after, on 1 March 1973, Kissinger met with the British Ambassador Lord Cromer in Washington and informed him that the US vetoed the Hybrid/Stag option due to technical difficulties. But Kissinger made a firm offer of a Poseidon missile system, a major move by the Nixon administration showing their commitment to support the continuation of the UK nuclear deterrent.<sup>124</sup> Known as "Option M", this offer included the Poseidon missile with a

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<sup>122</sup> Minutes; "Record of Discussion at the Old Executive Building, Washington DC"; 1 February 1973, 4.00 p.m.; PREM 15/1978; NAUK.

<sup>123</sup> James Schlesinger: Chairman of the US Atomic Energy Commission (1971-1973); Director of the CIA (2 January 1973 – 2 July 1973); Secretary of Defense (2 July 1973 – 19 November 1975).

<sup>124</sup> Memo; "Summary Record of Conversation between HM Ambassador & Dr. Kissinger"; 1 March 1973; PREM 15/1359; NAUK.

Mark III re-entry warhead, without the MIRV technology. Although a US design, it could be built in Britain within three years. Option M offered a superior military system to the Super Antelope project, with up to ten warheads on the limited range missiles. Moreover, the Poseidon submarine tube would be compatible with the next generation missile system under development, called Trident. However, Option M would mean the abandonment of the UK's current nuclear programs, resulting in a reduction in expertise and leading to greater dependence on US technology, which would also undermine any future European defence force.<sup>125</sup> This created a dilemma for the UK government. The MOD advised Heath to go for Option M because of the "greater military advantages", thus focussing on UK national interests.<sup>126</sup> Trend told Heath that "the balance inclines rather more towards Option M". Trend believed that Anglo-French collaboration seemed a distant and unlikely prospect and the UK's dependence on the US would inevitably grow with the third generation of missiles in the 1990s, unless the UK decided to embark on a multi-billion pound project of nuclear research and development.<sup>127</sup> On 10 May 1973 Kissinger spoke to Trend, travelling through London to discuss the Year of Europe, saying that Option M would be the "sensible" choice for the UK because it would mean "less work...in the United States uniquely for British purposes", which added weight to the argument for adopting Poseidon.<sup>128</sup>

On 15 June 1973 the UK pushed for the full Poseidon system, including the MIRV technology (excluded from Option M).<sup>129</sup> Kissinger and Schlesinger told Trend on 1 July that they strongly opposed such a move. The Mark III re-entry warhead had the sufficient capability to beat Soviet ABMs and that MIRV "would cause major problems with Congress". Legally, it came down to a presidential decision and if Heath "made a personal appeal" to Nixon then "there might be a 50/50 chance...despite Congressional problems". Nevertheless, Kissinger suggested that "the president would be mightily relieved" if the UK "did not press the MIRV question".<sup>130</sup> Trend advised Heath that the chance of receiving a full MIRV Poseidon system seemed slim.<sup>131</sup>

Meanwhile, Anglo-American tension had grown over Kissinger's Year of Europe in July and August 1973, as discussed in chapter 3. Following a meeting of the nine members of the EC in Copenhagen on 23 July, Heath informed Nixon that the EC countries had decided to

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<sup>125</sup> Memo; Trend to Heath; "The Nuclear Deterrent"; 9 May 1973; PREM 15/1360; NAUK.

<sup>126</sup> Memo; "Polaris Improvement: Further Consultation with US: Memorandum by Ministry of Defence Officials"; 8 June 1973; PREM 15/1360; NAUK.

<sup>127</sup> Memo; Trend to Heath; "The Nuclear Deterrent: Polaris Improvements"; 11 June 1973; PREM 15/1360; NAUK.

<sup>128</sup> Minutes; "Dr. Kissinger's Visit"; 11 May 1973; PREM 15/1360; NAUK.

<sup>129</sup> Telegram; Trend to Cromer; "Improvements to the Strategic Nuclear Deterrent"; 15 June 1973; PREM 15/1360; NAUK.

<sup>130</sup> Telegram; Cromer to Trend; "Improvement to the Strategic Nuclear Deterrent"; 1 July 1973; PREM 15/1360; NAUK.

<sup>131</sup> Memo; Trend to Heath; "The Nuclear Deterrent: Polaris Improvement"; 13 July 1973; PREM 15/1360; NAUK.

share information on bilateral conversations with the US.<sup>132</sup> Nixon expressed grave concern at this development.<sup>133</sup> Then on 9 August, Kissinger spoke to Nixon on the telephone, declaring that “I’m cutting them off from intelligence special information...we can’t trust them for special relationship”. Nixon replied: “Sure. No special relations. Correct. They’ll have the relations with the French”, although they both suggested that this was just a tactic to encourage movement on the Year of Europe.<sup>134</sup> On 31 August Trend told Heath that “we are now beginning to strain United States patience quite hard” on the nuclear options, especially in light of disagreements over the Year of Europe.<sup>135</sup> Then on 3 October 1973 the Yom Kippur War broke out, which caused Anglo-American tension over Middle Eastern policy and the sharing of military facilities. The Heath government subsequently dropped the full Poseidon MIRV idea, thus leaving a choice between Option M and Super Antelope.

On 30 October 1973 Heath held a meeting at 10 Downing Street with Douglas-Home, Barber and Carrington, which resulted in the firm decision to continue with the Super Antelope upgrade project. Heath believed that Super Antelope, although technically inferior to Option M, provided an adequate deterrent at a lower expenditure. The Treasury put up strong resistance to the more expensive Option M, which could result in a reduction of the UK’s conventional NATO forces in order to keep within the reduced 1976-1977 defence budget. Super Antelope would also preserve UK nuclear expertise and allow for Anglo-French nuclear collaboration in the 1980s.<sup>136</sup> Nevertheless, it still constituted a major US-UK joint nuclear development project. The new Cabinet Secretary John Hunt strongly advised not informing the US until after the New Year due to the problems over the Middle East and the Year of Europe. As Kissinger and the administration preferred Option M, Hunt thought that “in the present climate their immediate reaction might be that we have once again failed to follow their advice”, which Heath supported.<sup>137</sup>

On 2 January 1974 Heath wrote to Nixon expressing the importance of improving the UK’s strategic forces and requesting cooperation with the Super Antelope project. He suggested that the key factor centred on the slightly reduced cost of the Super Antelope over Option M. This would allow the UK to maintain its NATO conventional forces, as well as its military bases around the world within its limited defence budget.<sup>138</sup> On 9 January Cromer informally spoke to Kissinger who “was quite certain” that Nixon would approve the UK’s request. However, the “defense people” wanted to link nuclear cooperation with a US request to build

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<sup>132</sup> Letter; Heath to Nixon; 25 July 1973; PREM 15/1981; NAUK.

<sup>133</sup> Letter; Nixon to Heath; 26 July 1973; PREM 15/1543; NAUK.

<sup>134</sup> Telecon; Kissinger to Nixon; 9 August 1973; Box 21, File 5; Kissinger Telecons: Chronological Files; NPM; NPL.

<sup>135</sup> Memo; Trend to Heath; “United Kingdom Deterrent”; 31 August 1973; PREM 15/1360; NAUK.

<sup>136</sup> Minutes; “Defence Expenditure: Minutes of a Meeting held at 10 Downing Street”; 30 October 1973; PREM 15/2038.

<sup>137</sup> Memo; Hunt to Heath; “Strategic Nuclear Deterrent”; 6 November 1973”; PREM 15/2038; NAUK. Heath’s approval was hand-written on memo.

<sup>138</sup> Letter; Heath to Nixon; 2 January 1974; PREM 15/2038; NAUK.

new facilities on the British Indian Ocean base Diego Garcia and that UK assurance on this “would be very welcome”.<sup>139</sup> The MOD viewed the expansion as “safeguarding Western interests” against Soviet expansion in the Indian Ocean and that the UK would have access to the new facilities. They feared that the “Arabs might act against our oil interests” for helping the Americans in the region. But in light of the Polaris upgrade the MOD backed a positive response.<sup>140</sup> Douglas-Home swiftly replied, on 12 January, that UK ministers agreed to the US Diego Garcia request.<sup>141</sup> Subsequently, Comer met with Nixon on 17 January who said that on Super Antelope the UK “could take it as agreed”.<sup>142</sup> Nixon formally wrote to Heath on 19 January approving the continuation of US-UK nuclear cooperation and supporting the maintenance of the UK’s NATO conventional capabilities.<sup>143</sup> In March 1974 the UK renamed the Super Antelope project “Chevaline”.

The level of assistance that the UK would need under this program represented a major step up from previous cooperation. Previously the UK purchased the necessary items developed by the US, such as with the Polaris missiles, and then built their own supplementary hardware. However, under Super Antelope / Chevaline the US would need to provide facilities, manpower, and technical assistance on the design and system integration, amounting to a major modification specifically for the UK Polaris.<sup>144</sup> This displayed the continuation of high level Anglo-American cooperation in nuclear affairs while the UK joined the EC.

## Conclusion

On East of Suez, the Heath government believed that a limited political and military role in Southeast Asia would support the Atlantic Alliance and help maintain close cooperation with the US while seeking entry into the EC. Domestically, retaining a presence East of Suez also provided a method of opposing the Labour Party in the defence field. The US welcomed the Heath government’s decision as a reversal of the current trend of the UK reducing its world-wide presence, which could possibly leave a power vacuum in the Middle East and Indian Ocean. However, the administration recognised that the Heath government’s move did not amount to a significant reversal, and that the US might need to increase its role in the region, particularly in the Persian Gulf. The initial establishment of limited facilities at Diego Garcia 1970-1973, and the subsequent decision to upgrade the base in January 1974, reflected the US

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<sup>139</sup> Telegram; Cromer to FCO; “Future of British Strategic Nuclear Deterrent”; 9 January 1974; PREM 15/2038; NAUK.

<sup>140</sup> Memo; MOD to Heath; “Diego Garcia: United States Proposals for Expanded Facilities”; 10 January 1974; DEFE 13/1399; NAUK.

<sup>141</sup> Telegram; Douglas-Home to Cromer; “British Strategic Nuclear Deterrent and Diego Garcia”; 12 January 1974; PREM 15/2038; NAUK.

<sup>142</sup> Telegram; Cromer to FCO; “British Strategic Nuclear Deterrent and Diego Garcia”; 17 January 1973; PREM 15/2038; NAUK.

<sup>143</sup> Letter; Nixon to Heath; 19 January 1974; PREM 15/2038; NAUK.

<sup>144</sup> Memo; Packard to Kissinger; 25 March 1971; Box H-182; NSC Institutional Files: Study Memo: NSSM; NPM; NPL.

and UK fears of increasing Soviet activities in the region. It also showed the continuation of close Anglo-American cooperation over world-wide military facilities.

In nuclear relations the UK gave serious consideration to the possibility of building a European nuclear defence force through Anglo-French collaboration, which challenged Anglo-American nuclear cooperation, one of the cornerstones and the special relationship. However, the incompatibility of the UK and French nuclear forces prevented any major initiative of substance. Meanwhile, the UK negotiated with the US the upgrade of the Polaris system. This chapter has argued that Britain's entry into the EC did not weaken the core of the Anglo-American partnership. Close defence and intelligence cooperation continued into the future and up to the present.

## Conclusion

This study has looked at the impact of Britain's application to join the EC on Anglo-American relations under Heath and Nixon, within the context of overall foreign policy. It has contributed towards the historiographical discussion with a revised interpretation of this subject and by using new sources. Firstly, it has analysed the degree of 'Europeanisation' in Anglo-American relations in a more detailed, nuanced way than in previous studies of the Heath-Nixon partnership. Secondly, it has closely examined the key political, economic, and defence issues that arose as a result of Britain's application and membership of the EC, 1970-1974. This enhances and supplements our previous understanding of the subject, which in turn can be built on by other historians in the future. The results are discussed below in greater detail.

This thesis has taken into account the formal constitutional structures, actual political power, and the political conditions of 1970-1974, which are all important factors in diplomatic history (see chapter 1). This has included an investigation of the (a) party system and elections, (b) the executive office, and (c) the legislative/executive balance of power. It has also considered the role of pressure groups, media, and public opinion, and the various methods of policy making which shaped the Heath government and the Nixon administration. In the US and the UK the balance of power in the domestic political system and the method of policy making selected by the executive influenced foreign affairs.

In the US in the early 1970s the Congress, controlled by the Democratic Party, sought to reassert its role in the making of foreign policy and control over budgets and domestic projects. This clashed with the Republican Party-controlled White House, creating a period of increased legislative-executive tension. This can be seen in the legislative ping-pong between the White House and Congress over trade policy and in the debate over the number of US troops stationed abroad. Of course, the free trade/protectionist dispute and domestic conflict over foreign policy had deeper roots, such as the US budget and liquidity deficit, but the balance of power exacerbated these issues. Two other domestic factors greatly influenced the conduct of Nixon's foreign policy. Firstly, the success of his "Southern Strategy" during the presidential elections of 1968 and 1972 depended on the support of rural America, the heartland and southern states, who broadly backed Nixon's Vietnam War policy and had strong ties to farming lobby groups in Washington, thus having an influence on foreign economic and Cold War policy. Secondly, Nixon implemented reforms to centralise foreign policy making in the White House, through the NSC, which increased internal friction. Party differences and branch rivalries both contributed towards domestic political conflict.

A special note needs to be made on the Nixon-Kissinger method of policy making. On the process of détente, rapprochement with China, and the ending of the Vietnam War, Nixon and Kissinger operated both under the formal structures of the NSC as well as in secrecy, excluding federal government departments and agencies, and the Congress. In one revealing

telephone conversation, Nixon reassured Kissinger that his secret “trip to Moscow was indispensable. Gee, State and those people just haven’t the slightest. That was the key to the whole thing”.<sup>1</sup> Moreover, Nixon claimed that Rogers “had nothing to do with it”.<sup>2</sup> Nixon noted just a few days before the signing of SALT that “I know Rogers will be smart enough to know that Brezhnev and I didn’t sit down and concoct the whole thing” i.e. that Kissinger had taken on the role often filled by the Secretary of State.<sup>3</sup> Yet complicated arms control negotiations, the opening of China, and Vietnam peace negotiations could not possibly be conducted alone, and thus discussions took place within the formal structures, while Kissinger and Nixon dealt with the key negotiations and decisions. Meanwhile, the development of US policy on Britain and the EC enlargement took place through NSC committees in which the State Department, the Treasury, and the USDA took a leading role. They also conducted the trade negotiations with the UK, while Kissinger and Nixon determined the broader political strategy of US European policy. But when it came to the NEP, Kissinger and the State Department were out of the loop, while Nixon formed the policy with a group of three or four key economic advisers. This shows the varied nature of policy-making methods.

In the UK, Heath had only a small majority of thirty in the House of Commons, reduced to seventeen by 1974, which strengthened the party fringes in the parliament. EC policy divided opinion on all political sides in the UK and thus Heath encountered a tough legislative battle on European policy. The survival of the government depended on the passing of the European Communities Bill, which influenced the terms of entry, such as seeking an acceptable deal for the Commonwealth. Heath also took steps to increase the power of the Prime Minister’s Office, although this failed to break Whitehall departmentalism. Therefore the FCO, the MOD, and the Treasury all played a key role in forming policy. While the cabinet contained influential members of the government, Heath frequently turned to an inner-circle of advisers, especially in dealing with the Bretton Woods monetary crisis, the decision to float the pound, and on the Polaris upgrade. The cabinet committees handled the detailed consideration of the EC negotiation strategy, such as the Ministerial Committee on the Approach to Europe and the Ministerial Committee on Agricultural Policy. The UK’s application to join the EC involved constitutional change and challenged traditional views on UK foreign policy, and thus the unions and businesses, public opinion, and parliamentary politics featured prominently on the domestic scene. These domestic issues filtered through to Anglo-American relations, therefore showing the interaction between international relations and the domestic environment.

Chapter two adds to the historical debate by providing a finer and more distinct understanding of the EC enlargement in the overall foreign policies of the Heath and Nixon

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<sup>1</sup> Telecon; Nixon to Kissinger; 14 May 1972; Box 14, File 4; Kissinger Telecons: Chronological File; NPM; NACP.

<sup>2</sup> Telecon; Nixon to Kissinger; 17 May 1972; Box 14, File 5; Kissinger Telecons: Chronological File; NPM; NACP.

<sup>3</sup> Ibid.

governments. In the US, the Nixon administration primarily focused on relations with Russia, China, and Vietnam. Important to this strategy was the strength and credibility of NATO and the Atlantic Alliance, of which European integration played a part. Three important influences on US policy were rough arms parity, the Sino-Soviet split, and economic problems. The State Department and the White House largely supported the enlargement of the EC for political reasons and indicated that they were willing for the US to pay in the economic sphere in order to support the stability of Western Europe which would benefit their Cold War strategy. However, the USDA, the Treasury Department, and the Department of Commerce, along with major sections of the Democratic Party-controlled Congress, called for a major re-adjustment of US policy. They wanted the US to take a more active role in safeguarding US agricultural and industrial trade from unfair EC trading practices, through bilateral and multilateral trade negotiations or retaliatory protectionist measures. This put pressure on Nixon to confront the EC and potentially cause tension in the Anglo-American relationship during Britain's EC negotiations. However, while Nixon's early policy on the EC gave greater consideration to US trade interests, he maintained a commitment to the enlargement and integration of the EC, with Britain as a member. It also indicated that Nixon and the State Department believed that Britain would have a liberalising impact on the EC which would benefit the US and that British accession would not jeopardise the Anglo-American relationship. The administration therefore adopted a 'hands-off' posture to the negotiations.

Long term economic, political and strategic changes took place in British policy between 1945 and 1970, from a focus on empire and the Commonwealth to European integration. This can be particularly seen in the trade field, although the Commonwealth still remained a key trading partner, while the US was the most important single country to the UK economy. Since the creation of the European integration movement in the 1950s Heath had strongly supported British participation and the ideal of European unity. He also believed that membership of the EC would increase Britain's world influence and re-invigorate the economy. FCO policy in 1970 flowed from the Wilson government's decision to withdraw from East of Suez and to concentrate on the European field. The FCO strongly viewed membership of the EC as a means of increasing world influence and maintaining a strong relationship with the US, especially in the intelligence and nuclear field. The Heath government adopted a similar view, in which their two key priorities were gaining entry into the EC and protecting the close Anglo-American relationship. However, in the short term, the government signalled the primacy of the EC application. The government also wanted to focus on improving relations with France and removing political 'Trojan horse' suspicions. Thus, the Heath government sought to balance relations between the EC members and the Anglo-American relationship.

In early Anglo-American political relations (chapter 3), 1970-1971, a fine balancing and subtle adjustment took place in light of the UK's application to join the EC and subsequent membership. Immediately, Anglo-American discussions displayed a tension between the two

strands of preserving US-UK cooperation and not sending the wrong signals to France. This meant that the Heath government's policy towards France played an essential part in the development of the Anglo-American alliance during the EC enlargement process. Heath tried to strike a balance between reassuring France of the UK's commitment to the European integration project, while also maintaining a close Anglo-American relationship under the radar so as not to jeopardise the membership application. The Nixon Administration understood this policy and adopted a "hands-off" approach to the EC enlargement, which revealed a high level of understanding. Trouble soon developed over China policy in May 1971 because of a lack of communication and a long term policy divide over Chinese representation at the UN. This had nothing to do with European integration, and, ultimately, both sides wanted to improve relations with China, and so it did not cause a major rift.

In Britain's first year of EC membership two major incidents occurred: the Year of Europe and the Yom Kippur War, both usually presented by historians as examples of Heath's Europeanism and as a fundamental shift in the alliance. However, the 'rift' has been overstated and close cooperation continued. On the Year of Europe, from April 1973, institutional and policy-making methods caused significant problems. Heath had sought to respond positively to the Atlantic initiative, but he, and the US, encountered an unwieldy EC that found it difficult to form a common political position in a short period of time. Moreover, the secretive nature of the Nixon-Kissinger policy machine contributed towards a lack of communication and the creation of unrealistic expectations. At this point Kissinger declared to Nixon that he was cutting the UK off from special relations because Heath wanted to share information on US-UK bilateral discussions with his EC partners. Meanwhile, the Yom Kippur war broke out in October 1973, causing further strain in the Anglo-American relationship. The key factor in this was diverging interests and long term disagreement over Middle Eastern policy, rather than specifically related to the UK's membership of the EC. During this crisis, major consultation and intelligence sharing took place, and a few months later Nixon approved the upgrade of the UK's nuclear system, therefore showing that the administration had not really terminated the close Anglo-American relationship.

Chapter 4 revealed the specific details of Anglo-American trade relations and the EC enlargement, adding to our understanding of the 1970-72 EC negotiations and the Heath-Nixon relationship. The Nixon administration's failure to pass a trade bill from 1969-1974 and Congressional protectionist rhetoric, as represented through the Mills Bill (1969-1971), caused tension and problems in international trade affairs and Anglo-American economic relations. However, it also provided a bargaining chip for Nixon to use during the EC enlargement negotiations; in seeking to have US interests taken into account, Nixon warned the UK that continued unfair EC trading practises would lead to Congressional retaliation. Likewise, Heath and the EC were able to use the Mills Bill in defending their trade practices.

The UK sought to introduce agricultural levies, a system similar to the CAP, while also seeking to protect UK-Commonwealth trading links as part of their application to join the EC, from 1970-1971. The USDA pushed the UK to moderate their agricultural policies and questioned the assumption that the UK may have a liberalising effect on the EC. Once again, the UK government feared that they might appear as an Atlantic ‘Trojan horse’ if trade concession were made under US pressure, and therefore Anglo-American trade tensions grew. The UK eventually dropped their levy price levels, with the presentation geared towards helping Nixon’s domestic problems, while avoiding any suggestion that the UK would seek to modify the EC’s agricultural prices as a member. On the Commonwealth, the UK had a long standing political and economic commitment to the territories, which ensured that Commonwealth relations played an important role in the UK’s application to join the EC. This led to the direct US intervention in the negotiations. But eventually the US accepted Commonwealth association as a necessary part of the UK’s attempt to join the EC, which the Nixon administration supported. These trade negotiations revealed a way in which Anglo-American relations became ‘Europeanised’. Nevertheless, the UK continued to pursue relations with the US and the Commonwealth territories in a traditional way, as shown in their inter-governmental negotiations, and there remained a degree of trade and economic inter-dependence between the UK and the US. Moreover, while the US defended its trade and monetary interests, it continued to back the enlargement of the EC. Therefore the US-UK relationship subtly adjusted, creating new multilateral ties with the EC, rather than fundamentally changing.

A similar adjustment occurred in Anglo-American monetary relations, dealt with in chapter 5. From 1969-1970, the EC took major steps towards European economic and monetary union. But the monetary crisis of the early 1970s meant that the Werner Plan was widely seen as dead by 1974-1975. The EC resumed plans for monetary union in 1979 with the creation of the European Monetary System, which included the Exchange-Rate Mechanism (ERM) to align EC currencies, the development of which continued throughout the 1980s. While there were periods of serious exchange-rate volatility, such as the monetary crisis of 1992-1993 when sterling and the Italian lira left the ERM, the EC managed to establish a single currency, the euro, on 1 January 1999. By 2011, 26% of world monetary reserves were held in the euro currency, second only to the US dollar.<sup>4</sup> Created thirty years after the original Werner Plan, the Heath government correctly informed the Nixon administration in 1971 that EMU would take “a very long time”.<sup>5</sup> Nevertheless, EMU and sterling cannot be overlooked in the debate over the Heath government’s application to join the EC. Solving the monetary issues were a key to the successful outcome of the negotiations.

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<sup>4</sup> “Currency Composition of Official Foreign Exchange Reserves (COFER)”, IMF [online]: <http://www.imf.org/external/np/sta/cofer/eng/cofer.pdf>

<sup>5</sup> Prior to the single currency in 1998, 13% of currency reserves were in the German Mark. Minutes; “Record of Meeting between the Chancellor of the Duchy of Lancaster and the Deputy Under Secretary for Economic Affairs and Other State Department Officials: State Department”; 8 March 1971, 11.30 a.m.; CAB 164/970; NAUK.

The Heath Government's early policy on sterling and the EC negotiations from June 1970 to March 1971 sought to avoid monetary matters in the EC enlargement process. The Heath government focussed on improving political relations with France. The central topics covered in the official EC accession negotiations focused on Britain's Commonwealth trade relations, community finance, and agricultural transitional arrangements, not on European monetary integration or the role of sterling. However, it eventually became clear to the British government from March to May 1971 that the "Trojan horse" issue was not the stumbling block to a successful EC application, but that the problem of sterling needed to be resolved in order to gain French support for UK membership. Heath committed Britain to a run-down of the sterling balances and the adoption of a single European currency at the Heath-Pompidou summit in May 1971. Therefore, the Heath government fully backed the EC integration project. Following the flotation of sterling in June 1972, the Sterling Area progressively disintegrated, although the problem of the sterling balances continued into the late 1970s.<sup>6</sup>

The issue of sterling and EMU never really took off in Anglo-American relations during this period. Internally, the US Treasury, the USDA, and the Department of Commerce expressed scepticism about the long term economic implications of EC enlargement and greater monetary integration. Some members of the administration saw the enlargement negotiations as an opportunity to substitute US support of the sterling balances with EC guarantees, thus relieving pressure on the dollar. However, both State and the White House strongly supported enlargement and EMU as a key part of the Western alliance.

International economic relations were transformed from the 1950s US monetary and economic hegemony into a system of strong economic competition between the US, EC, and Japan and the rest of Asia from the 1970s onwards. This represented a growth of new commercial rivals with greater economic status in the system. It also marks the beginning of open market, flexible exchange rates. However, the collapse of Bretton Woods did not lead to a multi-polar currency system. The dollar remained the dominant international currency. By the first quarter of 2011, 60% of world currency reserves were held in US dollars, enabling the US to retain its monetary power.<sup>7</sup>

Structurally, the Bretton Woods set-up failed to deal with the issues of liquidity and adjustment which caused instability in the international economy. Moreover, the unique position of the dollar in the Bretton Woods system created a conflict between national and international currency objectives. In terms of government policy, the US ran a persistent liquidity balance of payments deficit throughout the 1960s, which undermined international confidence in the reserve role of the dollar. This long-term problem contributed towards a shift in Nixon's Cold

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<sup>6</sup> Kathleen Burk and Alec Cairncross, 'Goodbye Great Britain': The 1976 IMF Crisis (London: Yale University Press, 1992), 111-126.

<sup>7</sup> "Currency Composition of Official Foreign Exchange Reserves (COFER)", IMF [online]: <http://www.imf.org/external/np/sta/cofer/eng/cofer.pdf>  
At 4%, sterling was the third most widely held currency.

War strategy, through the policies of the Nixon Doctrine, Vietnamisation, détente, and the opening of China, in which the US sought to reduce its world-wide military commitments and create a more stable international system for economic cooperation. Furthermore, the US government introduced policies, through the NEP, that sought a fundamental re-organisation of the Bretton Woods set-up rather than just a 'band-aid'. But the Smithsonian Agreement ended up being only a temporary solution because it did not fix the structural flaws in the Bretton Woods system. The Nixon administration also acted in the international monetary field for domestic political reasons.

Between August and December 1971 Anglo-American relations suffered a breakdown in cooperation and communication, brought on by Nixon's NEP. During the four months of negotiations at the G-10 and IMF Heath wanted to form a common position with the EC countries, although they could not agree amongst themselves, hindering the monetary integration movement. Bilateral discussions during the crisis displayed Anglo-American tension on both the way the NEP was introduced and the substance of reform. After the Bermuda fence-mending, close Anglo-American cooperation continued throughout 1972 and up to the February 1973 Washington meeting. Nixon had continued to back the UK's membership negotiations during the monetary crisis, and after Britain's accession both sides cooperated in trade and monetary affairs. In the aftermath of the Bretton Woods and Smithsonian monetary crises, the shared economic philosophies, common political systems, and the similar, well-connected financial centres of London and New York remained. This ensured that the UK was neither fundamentally tied to a future EC currency nor to the dollar, but operated in between these two currency blocs, influenced by both. Anglo-American economic and monetary relations remained significant.

While an alteration took place in the economic field, Anglo-American defence collaboration strengthened under Heath and Nixon (chapter 6). The US and UK shared a vast array of military bases – many built and funded by the US on UK territories, and hence beneficial to both parties, as shown over Diego Garcia in the Indian Ocean. On East of Suez, the Heath government supported a limited political and military role which would support the Atlantic Alliance and help maintain cooperation with the US while negotiating entry into the EC. This showed that the Heath government wanted to retain a world defence role, not just a regional, European one as argued by some historians.

During the SALT negotiations, the UK expressed concern about the level of ABMs permitted, and that an agreement might prohibit the transfer of nuclear knowledge and technology to third parties. As it turned out, SALT did not include a 'no transfer' clause. However, the number of ABMs permitted under the agreement meant that the UK needed to upgrade their nuclear system. The Heath government supported the continuation of an independent nuclear deterrent, while the US administration believed that further collaboration

would strengthen western deterrence. Thus, the US and UK embarked on a collaborative program to consider all viable options.

At the same time, Heath revived interest in the idea of Anglo-French collaboration during the EC negotiations – but it only remained an idea. He thought that this would be important in displaying the UK's commitment to future European defence. The issue caused a divide in Whitehall. The MOD strongly objected to making a serious move because it might harm the reality and substance of US-UK nuclear cooperation for the vague possibility of Anglo-French collaboration. But the FCO wanted to make a positive move towards the French, in order to bring them back into a collective NATO or European defence system. Heath sided with the FCO, and approached the US administration, who expressed support for the UK's efforts to increase defence cooperation with France. However, the differences in the UK and French forces prevented any substantial developments.

The US and UK thus pushed on in the nuclear field. A range of issues were considered, which centred around four main questions. Firstly, which option allowed for Anglo-French cooperation beyond the 1980s? Secondly, whether the UK's nuclear knowledge and research skills in developing nuclear weapons should be preserved? Thirdly, which option was actually technically feasible? Fourthly, which option could the UK afford? The final decision, the Super Antelope, indicated that the UK government wanted to preserve their nuclear expertise, while retaining the option to work with the French in the 1990s. Moreover, a key factor proved to be the defence budget. In the final US-UK negotiations over the upgrade, the US managed to link it to a DOD request to expand the military facilities at Diego Garcia. This nuclear upgrade required extensive US-UK collaboration, therefore showing the continuation of special nuclear relations during the EC enlargement.

Finally, Britain and the US started to re-develop strong bilateral relations in the Heath-Nixon era, although by 1974 personal relations at the top had deteriorated. It primarily remained important because of mutual security and defence policies in the Cold War context, and economic cooperation. However, while the British still assigned key importance to the "natural" Anglo-American relationship, the US placed a greater priority on working with other powers, such as Russia and China, as well as dealing with the Vietnam War and building ties with other Western European countries. The emergence of Japan, Germany, and the EC as a whole reduced the importance of Britain in overall US foreign policy. The Anglo-American relationship had deteriorated in the late 1960s under Wilson and Johnson because of Vietnam, Britain's relative economic decline and weakness, and the military and political withdrawal from East of Suez. But Nixon and Kissinger viewed Britain as an important ally, in which many policies and interests merged, and as a key gateway into Europe. Therefore, frequent and open policy discussions took place between Heath and Nixon and in the bureaucracies, which sustained the political and defence alliance in the field of Cold War diplomacy. This is illustrated by the high

level of US-UK nuclear cooperation during the Heath-Nixon years, as well as the sharing of military facilities.

However, Anglo-American relations during 1970-1974 deteriorated at specific stages and episodes. In late 1970 and early 1971 tension grew in trade policy, as components of the UK's application to join the EC. In the second half of 1971 Heath complained about a lack of communication over the "Nixon Shocks", as did other countries. This caused a four month crisis in Anglo-American relations on the reform of the Bretton Woods system, until the fence mending of the Heath-Nixon Bermuda summit in December 1971. Throughout 1972 and the first half of 1973, Anglo-American relations returned to a healthy state of frequent consultation and cooperation. But from mid-1973 tensions grew to a greater degree, especially in personal relations between Kissinger and Heath, which also rubbed off on Nixon, over the "Year of Europe" and the Yom Kippur War. But at a functional, official level, good bilateral relations continued between the UK and US throughout the Nixon-Heath period. Kissinger's closest foreign government contacts were British officials – Sir Thomas Brimelow, John Freeman, and Sir Burk Trend - whom he regularly consulted on all foreign policy issues.

Britain's entry into the EC did not re-define the Anglo-American relationship within a purely EC context. Britain sought to strike a balance between Anglo-American relations and EC membership. Meanwhile, Nixon supported greater integration and the development of a strong, united Western Europe. This, it was hoped, would help maintain a strong Western alliance. Anglo-American bilateral relations adapted to the EC enlargement and retained its importance. The transformation of the international monetary system, an increase in China's diplomatic status, developing trade disputes, and the steps taken to strengthen the economic and political integration of the EC during the Heath-Nixon period have all had an impact on contemporary international relations. Furthermore, the investigation into shared and diverging Anglo-American security, political, and economic interests are still relevant to policy-makers today. This study has contributed to the scholarly inquiry into 1970s Anglo-American relations which will continue into the future.

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NSC Institutional Files	National Security Study Memorandum, National Security
	Decision Memorandum, Minutes, Meeting Files
HAK Office Files	Trip and Country Files
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## *Appendix 1: Persons*

- Acland, Anthony** (UK) FCO Principal Private Secretary to the Secretary of State for Foreign and Commonwealth Affairs, 1972-1975.
- Allen, Douglas** (UK) Permanent Under-Secretary to the Treasury, 1968-1974.
- Annenberg, Walter** (US) Ambassador to the UK, April 1969-October 1974.
- Armstrong, Robert** (UK) Principal Private Secretary to the Prime Minister, 1970-4.
- Armstrong, William** (UK) Permanent Secretary of the Civil Service Department, 1968-1974.
- Ball, George** (US) Under Secretary of State, 1961-1968.
- Barber, Anthony** (UK) Chancellor of the Duchy of Lancaster, 20 June 1970-25 July 1970; Chancellor of the Exchequer, 25 July 1970-4 March 1974.
- Barre, Raymond** European Commissioner for Economic & Financial Affairs, July 1967-January 1973.
- Bergsten, Fred** (US) NSC Staff Member, 1969-1971.
- Brandt, Willy** Chancellor of the Federal Republic of Germany, 21 October 1969-7 May 1974.
- Brezhnev, Leonid** General Secretary of the Communist Party of the Soviet Union, 14 October 1964-10 November 1982.
- Brimelow, Thomas** (UK) FCO Deputy Under-Secretary of State, 1969-1973; FCO Permanent Under-Secretary of State, November 1973-November 1975.
- Burns, Arthur** (US) Counsellor to the President, January 1969-January 1970; Chairman of the Federal Reserve Board, 1 February 1970-8 March 1978.
- Butz, Earl** (US) Secretary of Agriculture, 21 January 1971-4 October 1976.
- Carrington, Lord** (UK) Secretary of State for Defence, 20 June 1970-8 January 1974.
- Cleveland, Stanley** (US) Minister for Economic and Commercial Affairs, US Embassy, London.
- Colby, William** (US) Director of the CIA, 4 September 1973-30 January 1976.
- Connally, John** (US) Secretary of the Treasury, 11 February 1971-12 June 1972.
- Cradock, Percy** (UK) FCO Head of Planning Staff, 1969-1971; Under-Secretary, Cabinet Office, 1971-1975.
- Cromer, Lord** (UK) Ambassador to the US, 8 February 1971-1974.
- Crowe, Colin** (UK) Permanent Representative to the United Nations, 1970-1973.
- Davies, John** (UK) Chancellor of the Duchy of Lancaster, 5 November 1972-4 March 1974.
- Davis, Jeanne** (US) Director NSC Staff Secretariat, 1970-1971.
- De Gaulle, Charles**, President of France, 8 January 1959-28 April 1969.
- Debré, Michel**, French Minister of Defence, 1969-1973.
- Dobrynin, Anatoliy**, Soviet Ambassador to US, 1962-1986.
- Douglas-Home, Alec** (UK) Foreign and Commonwealth Secretary, 20 June 1970-4 March 1974.
- Dunnett, James** (UK) MOD Permanent Under-Secretary of State, 1966-1974.
- Ehrlichman, John** (US) Assistant to the President for Domestic Affairs, November 1969-May 1973.
- Eliot, Theodore** (US) Executive Secretary of the Department of State, August 1969-September 1973.
- Elliot, Anthony** (UK) Embassy Councillor to the US, 1968-1972.
- Figgures, Frank** (UK) Second Permanent Under-Secretary to the Treasury, 1968-1971.
- Flanigan, Peter** (US) Assistant to the President, 1969-1972.

- Ford, Gerald** (US) Minority Leader of the House of Representatives, 3 January 1965-6 December 1973;  
Vice President of the US, 3 December 1973-9 August 1974.
- Ford, John** (UK) Consul-General, New York, 1971-1975.
- Freeman, John** (UK) Ambassador to US, March 1969-January 1971.
- Fulbright, William** (US) Chairman of the Senate Committee on Foreign Relations, 3 January 1959-31  
December 1974.
- Gilbert, Carl** (US) Special Representative for Trade Negotiations, 1969-1971.
- Gilmour, Ian** (UK) Secretary of State for Defence, 8 January 1974-4 March 1974.
- Graham, John** (UK) Principal Private Secretary to the Secretary of State for Foreign and  
Commonwealth Affairs, 1969-1972.
- Greenhill, Denis** (UK) FCO Permanent Under-Secretary of State, February 1969-November 1973.
- Haig, Alexander** (US) Military Assistant to the President for National Security Affairs, January 1969-  
June 1970; Deputy Assistant to the President for National Security Affairs, June 1970-January  
1973.
- Haldeman, H.R.** (US) White House Chief of Staff, 1969-1973.
- Hardin, Clifford** (US) Secretary of Agriculture, January 1969-December 1971.
- Heath, Edward** (UK) Prime Minister, 19 June 1970-4 March 1974.
- Helms, Richard** (US) Director of the CIA, 30 June 1966-2 February 1973.
- Henderson, Nicholas** (UK) Ambassador to the Federal Republic of Germany, 1972-1975.
- Hillenbrand, Martin** (US) Assistant Secretary of State for European Affairs, February 1969-April 1972;  
US Ambassador to the Federal Republic of Germany, June 1972-October 1976.
- Hunt, John** (UK) Cabinet Secretary, 1973-1979.
- Irwin, John II** (US) Under Secretary of State, September 1970-July 1972; Deputy Secretary of State,  
July 1972-February 1973.
- Jackling, Roger** (UK) Ambassador to the Federal Republic of Germany, 1968-1972.
- Jobert, Michel** French Minister of Foreign Affairs, 1973-1974.
- Johnson, Lyndon B.**, President of the US, 22 November 1963-20 January 1969.
- Katz, Abraham** (US) Director, Office of Regional and Political Affairs, Bureau of European Affairs,  
Department of State, 1969-1974.
- Kennedy, David** (US) Secretary of the Treasury, January 1969-January 1971.
- Killick, John** (UK) FCO Assistant Under-Secretary of State, 1968-1971; Ambassador to USSR  
1971-1973.
- Kissinger, Henry** (US) Assistant to the President for National Security Affairs, 20 January 1969-3  
November 1975; Secretary of State, 22 January 1973-20 January 1977.
- Laird, Melvin** (US) Secretary of Defense, 21 January 1969-29 January 1973.
- Maitland, Donald** (UK) Press Secretary to the Prime Minister, 1970-1973; Permanent  
Representative to the United Nations, 1973-1974.
- MacDougall, Donald** (UK) Chief Economic Adviser to the Chancellor of the Exchequer, 1969-1973.
- McCrackin, Paul** (US) Chairman, Council of Economic Advisers, January 1969-November 1971.
- McGinnis, Francis** (UK) Director-General of Information Services, New York, 1968-1972.
- McGinnis, John** (US) Deputy Special Assistant to the Secretary of the Treasury for National Security  
Affairs.

- Macleod, Iain** (UK) Chancellor of the Exchequer, 20 June 1970-25 July 1970.
- Maudling, Reginald** (UK) Home Secretary, 20 June 1970-18 July 1972.
- Millard, Guy** (UK) Embassy Minister to the US, 1970-1971.
- Moon, Peter** (UK) Private Secretary (Foreign Affairs) to the Prime Minister, 1970-1972.
- Moorer, Thomas** (US) Chairman of the Joint Chiefs of Staff, 1970-1974.
- Neale, Alan** (UK) Second Permanent Under-Secretary to the Treasury, 1971-1972; MAFF  
Permanent Under-Secretary of State, 1973-1978.
- Nield, William** (UK) Cabinet Second Permanent Secretary, 1969-1972.
- Nixon, Richard** President of the US, 20 January 1969-9 August 1974.
- Noble, Michael** (UK) President of the Board of Trade, 20 June 1970-15 October 1970.
- O'Neill, Con** (UK) Leader of the EC negotiations delegation at official level 1969-1972; FCO  
Deputy Under-Secretary of State, 1969-1973.
- Overton, Hugh** (UK) FCO Head of North American and Caribbean Department, 1971-1974.
- Palliser, Michael** (UK) Embassy Minister, France, 1969-1971.
- Palmby, Clarence** (US) Assistant Secretary for International Affairs and Commodity Programs,  
Department of Agriculture, January 1969-June 1972.
- Part, Anthony** (UK) DTI Permanent Under-Secretary of State, 1968-1974.
- Peterson, Peter** (US) Assistant to the President for International Economic Affairs, and Executive  
Director of the Council for International Economic Policy, 1971-January 1972; Secretary of  
Commerce, 29 February 1972-1 February 1973.
- Petrie, Caroline** (UK) FCO Head of European Communities Information Unit, 1970-March 1971.
- Philips, Kevin** (US) Richard Nixon's election strategist, 1968.
- Pompidou, Georges**, President of France, 20 June 1969-2 April 1974.
- Prior, James** (UK) Minister for Agriculture, Fisheries and Food, 20 June 1970-8 January 1974.
- Pym, Francis** (UK) Chief Whip, 20 June 1970-5 November 1972.
- Rawlinson, Peter** (UK) Attorney-General, 23 June 1970-4 March 1974.
- Richardson, Elliot** (US) Under Secretary of State, 23 Jan 1969-23 June 1970; Secretary of Defense, 30  
January 1973-24 May 1973.
- Rippon, Geoffrey** (UK) Chancellor of the Duchy of Lancaster, 28 July 1970-5 November 1972.
- Robinson, John** (UK) FCO Head of European Integration Department, 1968-1970; Special  
Assistant to Sir Con O'Neill, 1970-1972.
- Rush, Kenneth** (US) Ambassador to the Federal Republic of Germany, July 1969-February 1972;  
Deputy Secretary of Defense, February 1972-January 1973; Deputy Secretary of State, February  
1973-May 1974.
- Samuels, Nathaniel** (US) Deputy Under Secretary of State for Economic Affairs, April 1969-April 1972.
- Schaetzel, Robert** (US) Ambassador the European Communities, 1966-October 1972.
- Scheel, Walter** Vice-Chancellor and Foreign Minister of the Federal Republic of Germany, 21 October  
1969-16 May 1974.
- Schlesinger, James** (US) Chairman of the US Atomic Energy Commission, 1971-1973; Director of the  
CIA, 2 January 1973-2 July 1973; Secretary of Defense, 2 July 1973-19 November 1975.
- Scowcroft, Brent** (US) Deputy Assistant to the President for National Security Affairs, 1969-1974.

**Shultz, George** (US) Director, Office of Budget and Management, 1 July 1970-11 June 1972; Secretary of the Treasury, and Assistant to the President, 12 June 1972-8 May 1974.

**Sonnenfeldt, Helmut** (US) NSC Staff Member, January 1969-January 1974.

**Stans, Maurice** (US) Secretary of Commerce, 21 January 1969-15 February 1972.

**Statham, Norman** (UK) FCO Head of European Integration Department, May 1970-October 1971.

**Stennis, John** (US) Chairman of the US Senate Committee on Armed Services, 3 January 1969-3 January 1981.

**Stoessel, Walter** (US) Assistant Secretary of State for European Affairs, 9 August 1972-7 January 1974.

**Sykes, Richard** (UK) Embassy Minister to the US, 1972-1975.

**Symington, Stuart** (US) Chairman, Subcommittee of US Security Arrangements and Commitments Abroad, Senate Foreign Relations Committee.

**Tebbit, Donald** (UK) Embassy Commercial Minister to the US, 1970-1971; Embassy Minister to the US, 1971-1972.

**Thatcher, Margaret** (UK), Secretary of State for Education and Science, 20 June 1970-4 March 1974.

**Thomson, John** (UK) FCO Assistant Under-Secretary of State (Defence / International Security Affairs), 1973-1976.

**Trend, Burke** (UK) Cabinet Secretary, 1963-1973.

**Treize, Philip** (US) Representative to the OECD, 26 October 1965-7 July 1969; Assistant Secretary of State for Economic Affairs, July 1969-November 1971.

**Whitelaw, William** (UK) Lord President of the Council, 20 June 1970-7 April 1972.