

## Turning Eurosceptic: British trade unions and European integration (1961-1975)

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For a long time European integration historiography has been dominated by state-centred approaches either in the classic realist variant, or in the form of liberal intergovernmentalism.<sup>1</sup> On the other hand, with the major exception of the federalist European movements,<sup>2</sup> less attention has been paid to non-state actors. In the early post-war period neo-functional scholars had still contended that “interest groups” were crucial in bringing about “spill-over” effects that supposedly moved integration forward,<sup>3</sup> yet given that this general assumption proved to be of little value for historians their interest in European non-governmental organisations remained limited. Only recently, spurred by the more general turn towards transnational history and the revival of concepts such as “civil society” historians of European integration have shown a greater propensity to engage with the extensive political science literature dealing with non-state groups and networks at European level.<sup>4</sup>

So far, and rather obviously, the choice fell mostly on groups that actively attempted to influence European policy – from business and agricultural lobbies,<sup>5</sup> pro-European party federations like the Christian Democrats,<sup>6</sup> to “epistemic communities” of experts<sup>7</sup> and those networks shaping what Keith Middlemas has called the “informal politics” of European integration.<sup>8</sup> Largely absent are studies on currents within civil society that, for whatever motives, opposed the European project consistently or for a temporary period. However, not least the recent failure of the constitution<sup>9</sup> has demonstrated that such currents can at times have an extraordi-

1. W. LOTH, *Beiträge der Geschichtswissenschaft zur Deutung der europäischen Integration*, in: W. LOTH, W. WESSELS (eds.), *Theorien europäischer Integration*, Leske+Budrich, Opladen, 2001, pp. 87-106.

2. See for example A. LANDUYT, D. PREDA (eds.), *I Movimenti per l'Unità Europea 1970-1986*, Il Mulino, Bologna, 2000.

3. See E. HAAS, *The uniting of Europe: political, social, and economic forces 1950-1957*, Stevens, London, 1958.

4. See for example W. KAISER, P. STARIE (eds.), *Transnational European Union. Towards a common political space*, Routledge, London/New York, 2005; for an overview of the political science literature see J. GREENWOOD, *Interest Representation in the European Union*, 2<sup>nd</sup> edition, Palgrave, Basingstoke, 2007.

5. See for example E. BUSSIÈRE, M. DUMOULIN, *Milieus économiques et intégration européenne en Europe occidentale au XXe siècle*, Artois, Arras 1998.

6. See W. KAISER, *Transnational Christian Democracy and the Making of Contemporary Europe*, Cambridge University Press, Cambridge, 2007.

7. See B. LEUCHT, *Netzwerke als Träger grenzüberschreitenden Kulturtransfers. Transatlantische Politiknetzwerke bei der Schuman-Plan-Konferenz 1950/51*, in: *comparativ*, 4(2006), pp. 200-218.

8. K. Middlemas, *Orchestrating Europe. The Informal Politics of European Union, 1973-1995*, Fontana, London, 1995.

9. The “Treaty establishing a constitution for Europe” (TCE) was adopted by EU member states in 2004 but its ratification failed due to rejection in referendums in France and the Netherlands in 2005.

nary impact - simply by blocking important integration initiatives. Against the backdrop of growing signs of disenchantment with European integration political scientists have recently developed a keen interest in "Euroseptic" movements - yet their studies, apart from few exceptions, usually lack a historical dimension.<sup>10</sup> In the specific case of the United Kingdom Eurosepticism has to some extent always been taken into consideration by historians as part of the more general paradigm depicting Britain as the "awkward partner" in the EC because of the country's ambiguous long-term relationship to the continent.<sup>11</sup> However, as Anthony Forster has pointed out, few studies focused directly on Euroseptic groups themselves, and on the historical dynamics of their changing policy agendas.<sup>12</sup>

This article is a contribution to overcome this research deficit. It is concerned with a case study of British trade union attitudes towards the European Community (EC)<sup>13</sup> between 1961, the year of the first UK application to join the EC, and the referendum that confirmed British membership in 1975. During this time period British trade unions changed from being a cautiously pro-European to a staunchly anti-European movement. This transformation has so far received little scholarly attention - in contrast to the numerous accounts by political scientists of the celebrated "European turn" of British trade unionism since the late 1980s.<sup>14</sup> The main available work is Paul Teague's unpublished Ph. D. thesis on the European policy of the Trades Union Congress (TUC), which, however, is an overview of the entire post-war period up to the early 1980s.<sup>15</sup> On the other hand, Clemens Würms' more

10. See for example P. TAGGART, A. SZCZERBIAK (eds.), *Opposing Europe? The Comparative Party Politics of Eurosepticism*, Oxford University Press, Oxford, 2008 (forthcoming).

11. See for example P. LUDLOW, *Us or Them? The Meanings of 'Europe' in British Political Discourse*, in: M. al MALMBORG, B. STRATH (eds.), *The Meaning of Europe. Variety and Continuity within and among Nations*, Berg, Oxford/New York, 2002, pp.101-124.

12. A. FORSTER, *Eurosepticism in Contemporary British Politics. Opposition to Europe in the British Conservative and Labour Parties since 1945*, Routledge, London/New York, 2002, p.5. Forster himself confines his analysis to political parties.

13. The term "European Community" (EC) is used throughout the article. Direct quotations of trade union documents at times refer to "Common Market" and "European Economic Community" (EEC) as frequently used contemporary terms.

14. See for example: D. MACSHANE, *Trade unions and Europe*, in: *Political Quarterly*, 62(1991), pp.351-364; B. ROSAMOND, *National labour organisations and European integration: British unions and '1992'*, in: *Political Studies*, 41(1993), pp.420-434. For British union attitudes to European integration in the early post-war period see M.E. GUASCONI, *Il Labour Party, il Trade Union Congress e il processo di integrazione europea dal 1945 al 1957*, in: A. CIAMPANI (ed.), *L'altra via per l'Europa: Forze sociali e organizzazione di interessi nell'integrazione europea (1947-1957)*, Franco Angeli, Milano, 1995, pp.112-126.

15. P. TEAGUE, *Labour and Europe: The response of British trade unions to membership of the European Communities*, Unpublished Ph. D., London School of Economics, 1984; see also his short summary *The British TUC and the European Community*, in: *Millennium*, 18(1989), pp.29-46. The TUC is the national federation of all major trade unions in the United Kingdom created in 1868. While being little involved in collective bargaining processes the main function of the TUC has been to represent the movement in the political arena. Therefore, the annual TUC Congress, the highest decision-making body, has been the most important arena of debate about European integration. Between Congresses European issues have been dealt with by the TUC General Council (GC) and the GC's Economic Committee.

focused article is confined to the years between 1969 and 1971.<sup>16</sup> Both authors do not systematically address the question of British unions' Eurosceptic turn.

The article starts out with a description of the change of TUC policy towards a positive endorsement of European integration in the early 1960s. The main part then reconstructs and explains the turn towards Euroscepticism in the late 1960s and early 1970s. Particular attention will be paid to the changing perceptions of multinational firms with examples often drawn from the automobile sector. In the conclusions the article sketches out some broader implications of the case study for European integration history research.<sup>17</sup>

### British trade unions as cautious advocates of EC membership (1960-63)

In his work about the TUC Teague depicted a situation of almost permanent infighting over the question of British EC membership between pro-marketeters, anti-marketeters, and a more pragmatic "centrist" fraction. The latter was by far the largest group, and its approach corresponded to the "Labourist" tradition of British trade unionism.<sup>18</sup> attention was concentrated on the economic and social benefits and/or costs of EC membership while little interest was shown for the "high politics" of European unity. Consequently, the shifts of TUC positions over time must primarily be accounted for by changing attitudes within this "centrist" group.<sup>19</sup>

The first of these shifts occurred in the early 1960s. Until the late 1950s the TUC majority regarded the EC with scepticism – as did most employers and the British government. TUC positions closely resembled those leading to the withdrawal of the British government representatives from the Spaak Committee in November 1955: UK trade still strongly gravitated towards the Commonwealth countries, and there were good reasons to believe that future British prosperity would have little to do with a European customs union.<sup>20</sup>

Change came in 1960 and 1961 again basically in line with the parallel transformation of government positions leading to the first application for EC membership endorsed by the Conservative Macmillan cabinet in July 1961.<sup>21</sup> The first public

16. C. WURM, *Verbände und europäische Integration. Großbritanniens Beitritt zur EG aus der Sicht von Industrie (CBI) und Gewerkschaften (TUC) 1969-1971*, in: F. KNIPPING, M. SCHÖNWALD (eds.), *Aufbruch zum Europa der zweiten Generation. Die europäische Einigung 1969-84*, Wissenschaftlicher Verlag, Trier, 2004, pp.329-377.

17. This article is a revised version of a paper presented at the HEIRS colloquium "European voices: Actors and Witnesses of European Integration" in Geneva in March 2007. I would like to thank the participants of the colloquium, in particular Anne Deighton, Linda Risso, and Antonio Varsori, for their helpful suggestions.

18. See J. SAVILLE, *The Ideology of Labourism*, in: R. BENEWICK et al. (eds.), *Knowledge and Belief in Politics*, Allen & Unwin, London, 1973, pp.213-226.

19. P. TEAGUE, *Labour and Europe ...*, op.cit.

20. See A. MILWARD, *The Rise and Fall of a national strategy. The UK and the European Community*, Vol.1, 1945-1963, Frank Cass, London, 2002, pp.178 ff.

21. *Ibid.*, pp.310-351.

trade union endorsement of British entry into the EC was expressed in a report of the Confederation of Engineering and Shipbuilding Unions (CSEU) on the future of the automobile industry in August 1960. It urged the government to seek immediate talks about EC membership before "irreparable damage" was done to British car exports.<sup>22</sup>

It is worth looking in more detail at the case of the motor industry to analyse the background to this new pro-EC position: Since 1945 Britain had become a car-exporting nation, and the industry could not maintain its production and employment levels without success in overseas markets. However, by the late 1950s, export prospects became clouded. Orders from Commonwealth countries decreased heavily due to local development policies backed up by tariffs and local-content provisions. These losses were temporarily offset by increased exports to North America, however with the launch of "compact cars" in the United States this option quickly evaporated.<sup>23</sup>

In this situation British motor industry unions, as much as the automobile employers, joined the chorus of those who saw the fast-growing markets in Western Europe as primary targets for British exports. The CSEU document noted that

"with the competition from the US in building compact cars and the growth of native car industries in other parts of the world, there is no doubt that the British car industry will have to look for its export increasingly to Western Europe".<sup>24</sup>

In this context, the unions also started to worry about the effects of Britain's exclusion from the EC since UK producers now suffered a competitive disadvantage compared to Fiat, Renault or Volkswagen, each of whom benefited from a new larger "home market". Membership in the European Free Trade Association (EFTA) was not seen as compensating this disadvantage. The CSEU document concluded that the government should "face up to the fact that to protect our interests there is no sensible alternative but for this country to offer to join the Common Market straight away".<sup>25</sup>

Deliberations between the TUC, the CSEU, and individual motor industry unions in 1961 resulted in a joint policy paper, which reinforced this pro-EC approach. It was acknowledged that turning to the EC meant facing tough competition, and if the British motor industry proved not efficient enough, this could mean "the loss of home markets without a corresponding build-up in European markets". But this negative scenario was dismissed because "there is little reason to doubt that the British car industry could compete favourably" provided the UK would join the EC soon.<sup>26</sup>

22. R. J. LIEBER, *British Politics and European Unity. Parties, Elites and Pressure Groups*, University of California Press, Berkeley, 1970, p. 106.

23. See T. R. WHISLER, *The British Motor Industry. 1945-1994. A Case Study in industrial decline*, Oxford University Press, Oxford, 1999, pp. 312 ff.

24. MRC (Modern Records Centre Warwick), MSS. 44/TEN.4/8, CSEU, Draft Report on the motor industry, undated [August 1960].

25. *Ibid.*

26. MRC, MSS. 292B/617/1., CSEU, The Motor Manufacturing Industry. Observations of the Sub-Committee on the questions circulated by the TUC, undated [July 1961].

There was another, more specific aspect of the EC issue. Unlike other major European car-producing countries such as Italy or France, though similarly to Germany, the British motor industry was characterised by a strong presence of multinational US-owned firms – Ford and General Motors had established subsidiaries in the UK already in the 1920s, and they were to be followed by Chrysler with the take-over of Rootes in the mid 1960s.<sup>27</sup> This meant that the export capacity of the British car industry depended to a large extent on investment decisions by multinational firms. Here, the question of EC membership took a particular twist since Ford and General Motors both had subsidiaries in Germany potentially able to cater for European exports, too. The issue was less salient with regard to GM since the company's British and German subsidiaries kept two competing model ranges until the early 1970s. In the case of Ford, however, sourcing decisions in Europe started to be influenced by considerations about the political future of the EC since the late 1950s – basically leading to a slow upgrading of the German subsidiary.<sup>28</sup>

The impact of this emerging competition for investment on British union thinking became discernible in November 1960 when Ford requested government permission to buy out the minority shareholders of the UK subsidiary as it had done in Germany shortly before. Union leaders concurred with government views that refusal would result in investment diversion to Cologne in Germany, and hence the loss of valuable export potential.<sup>29</sup> On the other hand, they hoped that Ford UK would benefit from the major sales efforts the company was expected to undertake in European markets in the 1960s, thus stabilising and further improving employment prospects in Britain. Clearly, these hopes and fears were all directly connected to the question of British EC membership. Ford might for a while have accepted marginal profits in European markets but in the longer term sourcing advantages over the German subsidiary could only be expected if rapid entry into the EC was secured.<sup>30</sup>

The example of the automobile industry thus confirms what has been repeatedly emphasised as the basic feature of British union attitudes in the early 1960s, namely its "economistic" bias, which stood in sharp contrast to the Labour Party's hardening political opposition to the EC.<sup>31</sup> Admittedly the TUC leadership raised a number of other points in the consultations with government ministers in 1961 and 1962, on the one hand with regard to safeguards for Britain's national economic sovereignty and its links with the Commonwealth that ensured low food prices, on the other related to the need for a better representation of trade union interests

27. See R. CHURCH, *The rise and decline of the British motor industry*, Cambridge University Press, Cambridge, 1994.

28. See S. TOLLIDAY, *The origins of Ford of Europe: From multidomestic to transnational corporation, 1903-1976*, in: S. TOLLIDAY, H. BONIN, Y. LUNG (eds.), *Ford, 1903-2003: The European History*, vol.1, pp.153-242, here: pp.182 ff.

29. MRC, MSS.44/TEN. 4/8, Unsigned note „United States private investment in Britain”, undated [November 1960].

30. MRC, MSS. 126/TG/Sack 24/1, Notes of proceedings of Ford Joint Negotiating Committee, 29.05.1961.

31. P. TEAGUE, *Labour and Europe ...*, op.cit., pp.83-84; R.J. LIEBER, *British Politics ...*, pp.109 ff.

within EC institutions. Yet, these either subsided because of government reassurances or were simply dropped because of the overriding argument about the link between European trade and national welfare. At the 1961 TUC Congress, for example, the General Council's report on the EC stressed once more the importance of entry for British trade; significantly, the example of motor cars was again put forward as the paradigm case justifying rapid accession.<sup>32</sup> TUC leaders were nearly unanimous in their support of entry. It is true that the official policy stance adopted by Congress and General Council was to reserve final judgement until the concrete terms of entry became known. However, as Robert Lieber has argued, this public policy line is probably foremost attributable to a concern not to embarrass the Labour Party.<sup>33</sup>

### The Euro-sceptic Turn (1969-1975)

The timing of British unions' anti-European turn is somewhat controversial. Teague's chronology closely follows official TUC Congress decisions, which declared opposition to entry for the first time in 1971, and, in a more principled form, in 1972.<sup>34</sup> Against this rather rigid focus on formal decisions Wurm has rightly emphasised that a clear shift towards scepticism within the movement already occurred in the late 1960s.<sup>35</sup> Admittedly, the "official" TUC position in 1970 was little different from that in 1962, namely the reservation of final judgement until after the precise terms of entry were available. There can be little doubt, too, that after June 1970 the trade unions' more general policy to oppose the new Tory government under its Euro-enthusiastic Prime minister Edward Heath encouraged a stance of rejection.<sup>36</sup> Yet, already the General Council reports on the issue in 1969 and 1970 were much less optimistic than they had been in the early 1960s, and Congress debates acquired a much stronger critical tone. To fully understand the historical dynamics of the shift in British union thinking we are well advised to look for longer-term changes, all the more so if we consider that the anti-European turn was not to be a short-lived interlude but was to continue until the 1975 referendum, and, after a brief period of adaptation "enforced" by the clear polling defeat of the anti-EC camp, was to resurface in the late 1970s.

How and for what reasons then did the majority within the British union movement shift to anti-European positions in the late 1960s and early 1970s? We can largely discard Tom Nairn's argument that the anti-EC camp within the British labour movement was imbued with an isolationist political and social culture (the "little

32. TUC, *Report of Proceedings of the 93<sup>rd</sup> Annual Trades Union Congress, 4-8 September 1961*, pp.325 ff.

33. R.J. LIEBER, *British Politics ...*, op.cit., p.111.

34. P. TEAGUE, *The British TUC*, op.cit., p.32.

35. C. WURM, *Verbände ...*, pp.358-359.

36. J.W. YOUNG, *Britain and European Unity*, Houndmills, Macmillan, 1993, p.114.

Englander" attitude), portraying the EC as an institution of bureaucrats and big capital alien to British political traditions.<sup>37</sup> Nairn was primarily concerned with the European policy of the Labour Party. His assessment appears to have a certain validity for the attitudes of a number of left-leaning organisations within the TUC but these attitudes did not change much between 1962 and 1970, and they also remained those of a rather small minority.<sup>38</sup>

The decisive shift occurred in the large "centrist" group within the TUC, and it is here that we must look for explanations. Since the "centrists" were mainly interested in the concrete economic and social effects of EC membership, and in the precise terms of entry, there are two basic options of interpretation: Either the terms of accession as negotiated between the Six and the British government had worsened or were considered to have worsened, or the broader assessment of economic and social benefits and risks had become more negative. This article opts for the second approach. This choice is not meant to downplay the salience of the often hotly debated terms of entry themselves. Their importance is easily understood if the changes of the EC's budget and agricultural policies between the early and late 1960s are considered. From a British point of view these changes basically amounted to the simple truth that accession became more expensive - a fact that undoubtedly affected trade union attitudes.<sup>39</sup>

Yet, as the remainder of the article attempts to demonstrate, British union views of accession shifted partly independent of the precise terms of entry. Two aspects were of crucial importance, first a changed assessment of economic benefits and risks of EC membership, and second, the increasing importance of European elements for domestic debates about a reform of the British political economy, in particular with regard to industrial relations.<sup>40</sup> The analysis will now turn to these two aspects in more detail.

### Roots of the Euro-sceptic turn I: A changed assessment of economic benefits and risks

British trade union support for EC accession in the early 1960s had mainly been based on the optimistic assessment of national welfare gains through increased European trade and foreign investment in the UK. Yet, by the late 1960s much of this optimism had been lost. Already at the time of the second application by the Labour government in 1967 union assessments had struck a more sceptical note.

37. T. NAIRN, *The Left against Europe*, Penguin, Hammondsworth, 1973.

38. P. TEAGUE, *The British TUC*, op.cit., p.37.

39. See C. WURM, *Verbände ...*, pp.338 f.

40. The term 'industrial relations' is used here in its conventional meaning as the system of relationships between workers, trade unions, employers and the state concerned with rules pertaining to labour aspects of production - see J. ZEITLIN, *From Labour history to the history of industrial relations*, in: *Economic History Review*, 40(1987), pp.159-184, here: p.159.

The General Council had in principle supported the renewed attempt for entry but its report to that year's Congress emphasised that opinions about the wisdom of EC entry were divided within the movement and the country not least because effects on the British balance of trade and capital appeared to be uncertain. The report admitted that most employers and the government were confident about long-term gains yet stressed that even government estimates assumed a strong growth of imports and capital outflows in the first years following accession. The paragraph on foreign investment illustrates this more sceptical view:

"The government is thought to believe that after Britain had joined the EEC it would become a more attractive field for American investment, and that increase in this would more than compensate for capital outflow from Britain to the wider EEC. It is not known whether this view is based on any quantitative analysis. There are various general reasons for taking the view that, if an US investor had to choose between the Continent and Britain his choice would be for Britain. But it must be acknowledged that this is only conjectural while the short-term deteriorating effects are certain".<sup>41</sup>

If the majority of TUC leaders supported the 1967 application for membership the main argument underpinning their case had shifted away from the optimistic hopes for welfare gains of the early 1960s towards a position that saw entry as "inevitable" because of the lack of viable alternatives; rather than potential benefits it were the costs of non-entry alone that were at stake now. As general secretary George Woodcock put it: "In the long run it is really the only thing we can do; we have to do it".<sup>42</sup>

Pessimism was strongly reinforced during the renewed debate about the EC between 1969 and 1971. Unlike in 1967 the TUC carefully avoided to declare principled support for the opening of negotiations despite the fact that the Labour government of Harold Wilson conducted the initial steps. At the 1969 Congress a General Council representative took great pains to secure the withdrawal of an anti-EC motion from the floor but pointed out himself that "we all know that entry into the Common Market would present considerable difficulties for Britain".<sup>43</sup> In the consultations with Wilson and other ministers in early 1970 several union leaders questioned the optimistic government distinction between probable short-term difficulties and beneficial longer-term "dynamic effects" of entry enabling British firms to operate in a larger "home market". They argued that short-term problems might well lead to serious balance of payment problems, triggering the need for deflationary policies, which could slow down growth and thus deteriorate the position of British companies vis-à-vis their continental competitors. In this case entry was likely to boost the exports of firms from EC countries to the UK rather than the other way around.<sup>44</sup>

It is true that the General Council report for the 1970 Congress was fairly neutral in assessing potential benefits and risks, and it gave much attention to the pre-

41. TUC, *Report of the 99<sup>th</sup> Annual Trades Union Congress, 4-8 September 1967*, p.417.

42. *Ibid.*, p.578.

43. TUC, *Report of the 101<sup>st</sup> Annual Trades Union Congress, 1-5 September 1969*, p.598.

44. MRC, MSS.292B/560.1/23, TUC Economic Committee, 13.05.1970.



cise terms of entry, e.g. with regard to the Community budget and the costs associated with the Common Agricultural Policy. In Congress debates, too, the expected increase in the cost of living due to higher food prices and the introduction of a value-added tax were often quoted as the decisive drawbacks of EC membership. However, those opposing accession also consistently pointed to the likely balance of payment problems not only because of the EC budget burden but also because of an anticipated "flight of capital" from Britain to the Continent. Significantly, the General Council report did not anymore mention growing US investments as a "conjectural" factor that might offset such a trend. It also diluted the strong emphasis on the costs of non-entry still discernible in the 1967 debate; Feather, the new general secretary, alluded to general tariff reductions in the framework of GATT, which might make the case for EC entry less pressing. And despite this clear shift of leadership positions a motion challenging the General Council with a call for fundamental opposition to EC membership was only narrowly defeated.<sup>45</sup>

The argument of a slow sliding of British union policy towards anti-European positions in the late 1960s can be given added weight if we consider the development of attitudes towards foreign-owned firms during this period. As the example of Ford demonstrated such firms had been regarded as vehicles of export and investment growth by union leaders in the early 1960s. From 1967, however, debates took a critical turn. There was a strong influence of increasing public uneasiness about the rapid rise of US investment in Europe, reflected in Jean-Jacques Servan-Schreibers' international bestseller *Le défi américain*.<sup>46</sup> A key event in Britain was the take-over of Rootes by Chrysler in early 1967. The fact that three of the four major motor industry firms were now owned by Detroit giants created anxious debates about the potential for American control over the entire sector in the future. Partly connected to these developments, the terms "international" or "multinational" were increasingly used to describe the tendency among foreign-owned firms to integrate subsidiaries across borders. Again, US-owned companies often played the role of pioneers, already in 1967, for instance, Ford standardised its European car ranges and created the holding company "Ford of Europe" to coordinate activities on a continental scale.<sup>47</sup> These developments occurred at a time when many sectors of British industry experienced serious difficulties. The general economic climate in the UK had been less favourable than on the Continent for a number of years, resulting in relatively lower GDP and income growth rates. British firms had fallen behind in terms of output, investment and profit levels. Their positions vis-à-vis European competitors were much less strong than in the early 1960s.<sup>48</sup>

45. TUC, *Report of the 102<sup>nd</sup> Annual Trades Union Congress, 7-11 September 1970*, pp.468 f., 673-688, 741-753.

46. J.-J. SERVAN-SCHREIBER, *Le défi américain*, Denoel, Paris 1967.

47. See S. TOLLIDAY, *The origins of Ford ...*, op.cit.

48. For the car industry: T.R. WHISLER, *The British Motor Industry*, op.cit.

Against this backdrop, union scepticism about the benefits of international economic integration grew. In 1967, for example, the annual CSEU conference expressed apprehension about the potential loss of independent British research and development capacities, and requested a government inquiry into the degree of American penetration in strategic sectors of the economy.<sup>49</sup> In the same year the TUC Congress called for the application of stricter government controls over the outflow and inflow of capital.<sup>50</sup> More crucially still was a further shift in 1969 with the emergence of a new and critical trade union discourse on "multinational" companies, displaying strong anxiety that the cross-border integration of national subsidiaries would induce companies to switch assets from Britain to the Continent, and thus accelerate industrial decline.<sup>51</sup>

The example of Ford is instructive again. In the early 1960s British union leaders had hoped that European exports could be increased through the international Ford network, and that this would fortify the position of Ford UK among the company's operations in Europe. But since the mid 1960s the opposite development had been set in motion. In 1965, a major expansion of capacity had taken place at Ford of Germany, and as a consequence the British subsidiary was soon downgraded to the role of a "junior partner". From 1970 Ford UK was increasingly barred from exporting to EC countries, which became the almost exclusive domain of Ford of Germany. The export share of Ford UK sales fell from around 45 percent in 1968/9 to about 30 percent in 1972/3.<sup>52</sup>

From the point of view of British trade unions examples such as this seemed to require a re-assessment of positions. On the one hand, the TUC launched a campaign for stronger government control over the operations of multinational firms, e.g. through so-called "planning agreements".<sup>53</sup> The campaign was not without its ambiguities – given the traditional "apolitical" nature of British trade unionism – and it was not meant to ban foreign investors from the country; indeed, the more critical stance was combined with a continued appreciation of the advantages of foreign direct investment.<sup>54</sup>

On the other hand, a direct link was drawn between the strategies of multinational firms and the question of British EC membership. Within the TUC concern grew that the declining competitiveness of British industry would be further eroded by its link with the international economy – a complete reversal of the positions taken in the early 1960s. National officers, who back then had been among the most ardent promoters of integrating British industries with Europe, now became oppon-

49. MRC, MSS. 259/5/3, Minutes of the meeting of the Executive Council of the CSEU, 10.08.1967.  
50. TUC, *Report of the 99th Annual Trades Union Congress, 4-8 September 1967*, p.508.

51. J. GENNARD, *Multinational Corporations and British Labour. A Review of Attitudes and Responses*, London, 1971.

52. See S. TOLLIDAY, *Ford of Britain: Statistical Appendix to chapters 13 & 14*, in: S. TOLLIDAY, H. BONNIN, Y. LUNG (eds.), *Ford, 1903-2003*, vol.2, op.cit., pp.118-149, here: pp.139, 144.

53. MRC, MSS. 292 D, Box 936, TUC, Report of a conference on international companies, London 21.10.1970.

54. MRC, MSS. 292 D, 560.1/Box 1087, TUC Economic Committee, 13.06.1973.

ents of EC membership, arguing that British firms – in the face of export restrictions imposed by multinational management – were better off selling outside Europe.<sup>55</sup> Such concerns were voiced with increasing alarm during the late 1960s and early 1970s. At Ford, to quote this example once more, they were regularly raised during the annual wage negotiations. As a union document elaborated in 1970:

“There are obvious grave doubts as to the economic consequences of EEC entry anyway, but a major ‘non-joiner’ in the export effort of our most important export industry stacks the cards against the employment prospects of British car workers with a vengeance.”<sup>56</sup>

It was such trade union anxiety about the competitive weakness of British industry, and the perceived reinforcement of that weakness by international capital movements, which strongly contributed to the anti-EC turn of British trade unions culminating in the 1971 Congress decision to oppose accession altogether. Indeed, these arguments gained further prominence in the subsequent years until 1974 during which the TUC radicalised its opposition to EC entry.<sup>57</sup> Pessimist scenarios were vindicated by the deterioration of the British balance of payment not least as a result of a net outflow of investment capital; in the case of European investments by American multinationals, for example, the early 1970s witnessed a relative decline of the UK share from around 50 to 25 percent.<sup>58</sup> TUC Congress debates on the EC between 1972 and 1974 saw delegates time and again pointing to the link between EC entry and capital outflow that increasingly endangered employment prospects of workers in the UK.<sup>59</sup>

There were, however, two aspects that limited the salience of these union arguments. First, many unionists were well aware that the British economy continued to depend both on foreign direct investment and trade with EC countries – even if at less advantageous terms. Opposition to EC entry was never combined with convincing proposals for an alternative economic framework; the minority within the TUC criticising the opposition stance had little difficulty to expose the flawed nature of suggestions to reanimate Commonwealth trade or increase economic relations with Communist Eastern Europe.<sup>60</sup> At the same time, the TUC majority had no intention to embrace the increasingly radical questioning of international economic integration by the Left in the Labour Party. TGWU leader Jack Jones dismissed

55. For the motor industry see MRC, MSS. 126/TG/3, Sack 33/2, National Advisory Council for the Motor Manufacturing Industry – Minutes of the 76<sup>th</sup> meeting, 01.02.1967.

56. TURU (Archive Trade Union Research Unit, Ruskin College Oxford), File “Ford claim 1970”, Supplementary Notes on Motor Industry, with special reference to Ford Claim, undated [October 1970].

57. P. TEAGUE, *The British TUC*, p. 32.

58. J. M. STOPPORD, L. TURNER, *Britain and the Multinationals*, Wiley, Chichester/New York, 1985, p. 140.

59. See for example TUC, *Report of the 104<sup>th</sup> Annual Trades Union Congress, 4-8 September 1972*, pp. 448, 521; *Report of the 106<sup>th</sup> Annual Trades Union Congress, 2-6 September 1974*, pp. 181, 430, 479, 486-487, 491.

60. See for example TUC, *Report of the 102<sup>nd</sup> Annual Trades Union Congress, 7-11 September 1970*, p. 685.

Tony Benn's proposals for comprehensive government planning and a vast nationalisation program as "airy-fairy stuff".<sup>61</sup> There was a widespread view in the movement that such radical schemes were doomed to fail, or, if they were indeed implemented, they would come at the expense of trade union freedom to collective bargaining. As in the case of most other post-war Eurosceptic groups in the UK<sup>62</sup> trade union opposition to the EC lacked a strong alternative vision.

Second, the argument that EC entry and concomitant international capital outflow perpetuated the competitive weakness of British industry was only compelling from a trade union point of view. In fact, prior to accession a large fraction of British employers, and to some extent even the CBI shared union concerns about the difficulty of many British firms to withstand the pressure of European competition. Yet, British employers were still firmly in favour of accession, and their case was not only based on the already mentioned costs of non-entry, the opinion that Britain could "not afford to be left out". Employers also continued to suggest that short-term costs would be outweighed by long-term benefits provided British industry was granted the right conditions to restore its competitiveness. Indeed, EC entry itself was increasingly seen as an inducement in this direction since stronger European competition would be a helpful "cold shower" to accelerate the modernisation of the country's political economy.<sup>63</sup>

In other words, there was a direct connection between the question of Britain's EC membership, and the controversial domestic debates how to reverse relative economic decline. This brings us to the second major underlying cause of British unions' Eurosceptic turn: Their growing resistance to EC entry not only reflected the competitive weakness of British industry but also their perception of a link between the EC issue and anti-union agendas to overcome economic difficulties.

### Roots of the Eurosceptic turn II: The end of the "post-war compromise"

This second aspect of the analysis needs to be seen in the more general historical context of mid- to late 1960s British politics, in particular against the backdrop of the end of what is usually called the "post-war compromise", that is, the tripartite consensus between governments, employers and trade unions based on the double commitment to the promotion of economic growth and full employment, supplemented by an expanded welfare state and a "voluntarist" industrial relations framework.<sup>64</sup>

61. T. BENN, *Against the Tide. Diaries 1973-76*, Hutchinson, London, 1989, p.46.

62. A. FORSTER, *Euroscepticism ...*, op.cit., p.143.

63. C. WURM, *Verbände ...*, op.cit., pp.338-349.

64. See A. CAMPBELL, N. FISHMAN, J. MCILROY, *The Post-War Compromise. Mapping Industrial Politics, 1945-1964*, in: J. MCILROY, N. FISHMAN, A. CAMPBELL (eds.), *British trade unions and industrial politics*, vol.1, *The post-war compromise, 1945-1964*, Ashgate, Aldershot, 1999, pp.69-113. "Voluntarism" meant that compared to most other European countries collective labour law played a marginal role for British industrial relations - see P. DAVIES, M. FREEDLAND, *Labour Legislation and Public Policy. A Contemporary History*, Clarendon Press, Oxford, 1993.

Different interpretations have been suggested as to the precise moment of rupture of this tripartite consensus but from a trade union point the mid 1960s were certainly a turning point. Slow economic growth and rising inflation restrained the Labour government's commitment to ensure full employment and even led it to introduce an incomes policy. There was also a tendency to blame organised labour for British industrial problems, expressed in media agitation about the need for government policies to curb strikes. These developments strongly clashed with those on the union side. The expectations of workers had risen with employment security and regular pay increases after the war, an effect reinforced by the arrival of a new generation of young employees on the labour market. The consolidation of shop stewards as bargaining agents in many companies gave protest an outlet as the political balance within British unions shifted to more radical positions. The two largest blue-collar unions TGWU and AEU increasingly supported local militancy, partly for ideological reasons, partly as an instrument to gain ground in inter-union competition.<sup>65</sup>

Aspects of international economic integration came to be associated with this break of consensus since 1968/69. It is instructive in this regard to look again at the emerging trade union debate about multinational firms during those years, which was not only concerned with new business strategies facilitating cross-border shifts of investment but also with the concomitant rise of new bargaining practices that linked threats to switch capital assets to productivity "benchmarking" between national subsidiaries. From the point of view of British unions this entailed the danger of a new permanent restraint on their demands for improved wages and working conditions, and their ability to deploy the strike weapon to pursue these objectives.<sup>66</sup>

The case of Ford provides a good illustration again. Here, this new dynamics became visible for the first time during a strike in February 1969 when senior management representatives declared publicly that the worsening strike record was among the major reasons why the company was liable to fall behind the German subsidiary in terms of future investment. Indeed, the issue was promoted to the centre-stage of national public debates as Ford's threats were discussed at length in the House of Commons.<sup>67</sup> Prime minister Wilson himself attacked the strikers publicly, warning that their action would induce Ford to shift development plans abroad.<sup>68</sup> Subsequent years witnessed similar debates on several occasions, most notoriously during the nine-week long strike in 1971 when Henry Ford II flew in personally to tell Prime minister Heath that he could not recommend any further capital expenditure in Britain. Such statements triggered an unprecedented debate in parliament

65. Cf. R. UNDY et. al., *Change in Trade Unions. The development of UK unions since the 1960s*, Hutchinson, London, 1981, pp.97 f., 275 ff.

66. MRC, MSS. 292 D, Box 936, TUC, Report of a conference on international companies, London, 21.10.1970.

67. HANSARD Parliamentary Debates, Fifth Series, vol.779, cols.978 ff., 1373 ff.  
68. *Financial Times*, 15.03.1969.

and the national media about whether trade union militancy imperilled the future of British operations within Ford's international network.<sup>69</sup>

Debates on the EC took a similar turn. British unions could not fail to notice that many employers, the Conservative Party and even fractions of the Labour Party viewed EC membership increasingly as a useful instrument to trigger "long-needed" changes to modernise Britain's political economy -- with industrial relations and trade unionism featuring as one of the most prominent fields.<sup>70</sup> At TUC Congresses in the late 1960s and early 1970s the issue was brought up time and again. One delegate opposing EC entry in principle argued in 1970:

"The fact is that we will not only be thrown in at the deep end, but we will have a ball and chain around our legs at the same time. As we fight back we shall be faced with employers, who are, increasingly, the big multi-national companies, who will be able to say that now we are in the Common Market they are much freer to take their investment to areas outside this country".<sup>71</sup>

One year later Jack Jones, the TGWU leader, described his anticipation of employer responses to EC entry as follows:

"What they will be saying is with all the extra competition, with imports flooding into the country, they will be getting tougher against any wage increases because they will fear that they will lose sales".<sup>72</sup>

Arguments about a link between the EC issue and the domestic strength of British trade unionism were further fuelled by the debates about a reform of industrial relations. Since the mid 1960s, against the backdrop of an increasing number of strikes, a fraction within the employer federation CBI had increasingly argued for a break with Britain's "voluntarist" tradition. In the motor industry, for example, employers lobbied in favour of legislation to restrict unofficial strikes and make the unions discipline their members and shop stewards.<sup>73</sup> Under pressure from employers, the opposition and growing media hysteria about the alleged British "strike disease" the Labour government appointed a Royal Commission chaired by Lord Donovan to look into the reform of industrial relations. And while the report of the Commission, published in 1968, came out clearly in favour of keeping the voluntarist system, the debate about how to legally curb trade union power did not abate. After the failure of the first, rather modest attempt by the Labour government in 1969 (the White Paper "In Place of Strife") the real confrontation between government and unions came with the Industrial Relations Act of the Conservative Heath government in 1971: trade union immunities were restricted to legally registered organisations with registration in turn depending on rules for the conduct of

69. HANSARD Parliamentary Debates, Fifth Series, vol. 795, cols. 1288 f.; vol. 797, cols. 905 f.; vol. 815, cols. 238 f.

70. C. WURM, *Sozialisten und europäische Integration: Die britische Labour Party 1945-1984*, in: *Geschichte in Wissenschaft und Unterricht*, 38(1987), pp. 280-295, here: p. 288.

71. TUC, *Report of the 102<sup>nd</sup> Annual Trades Union Congress, 7-11 September 1970*, p. 682.

72. TUC, *Report of the 103<sup>rd</sup> Annual Trades Union Congress, 6-10 September 1971*, p. 472.

73. PRO (Public Record Office), LAB 10/2468, Note of a meeting, 06.05.1965.

industrial disputes, an Industrial Relations Court was created with wide-ranging powers of intervention in strikes.<sup>74</sup>

This debate was connected to the question of EC entry on the one hand because reform proposals had an international dimension. The Industrial Relations Act of 1971 was clearly inspired by foreign models; Heath himself is said to have wanted to transform British unions along the lines of their German and North American counterparts.<sup>75</sup> On the other hand, the unions perceived the legislation to be linked to the parallel aspirations of the government to take Britain into the EC. At the 1971 TUC Congress Jones voiced the suspicion that "the principal purpose of the Industrial Relations Act was to prepare the way for us to go into Europe".<sup>76</sup> A delegate of the Amalgamated Engineering Federation argued that

"the overall policy of this government, its action in introducing the Industrial Relations Act, has in its make-up a conditioning of the British trade union movement to policies and laws in Europe which already condition the majority of trade union movements within the European Community".<sup>77</sup>

The latter remark points to an additional dimension of British unions' anti-European turn. Resistance to EC entry was reinforced by cross-border comparison with trade union models in other European countries. Continental labour organisations were described as being restrained by restrictive legal frameworks; Jones bluntly stated that "in the Common Market the trade unions are weak".<sup>78</sup> Arguments against legal regulation not only applied to legal restrictions of strikes and the enforceability of bargaining agreements but also to statutory instruments of employee representation that in different forms were in operation in almost all EC countries. The German works council and co-determination systems were seen as particularly problematic. A TUC report on German industrial relations from 1969 perceived the impact of co-determination primarily as creating shopfloor apathy. Works councils and union membership in supervisory boards, unduly blurring the lines between capital and labour representatives, were seen as unacceptable. All these features militated "against the growth and organisation of strong trade unionism".<sup>79</sup>

Clearly, then, one of the driving forces behind the resistance against EC membership appears to have been the desire to isolate UK unions from pressure to "Europeanise" domestic collective bargaining and industrial relations. If the beneficial growth effects of EC entry had to be bought at the price of wage moderation

74. R. TAYLOR, *The Heath government and industrial relations: myth and reality*, in: S. BALL, A. SELDON (eds.), *The Heath Government 1970-1974. A Reappraisal*, Longman, London/New York, 1996, pp.161-190.

75. A. TAYLOR, *The Conservative Party and the Trade Unions*, in: A. CAMPBELL, N. FISHMAN, J. MCILROY, *British Trade Unions ... op.cit.*, vol.2, pp.151-186, here: pp. 153-4.

76. TUC, *Report of the 103<sup>rd</sup> Annual Trades Union Congress, 6-10 September 1971*, p.473.

77. *Ibid.*, p.482.

78. *Ibid.*, p.485.

79. MRC, MSS 292 B./560.1/20, TUC, Economic Committee, 12.03.1969.

and stronger legal regulation of trade union affairs this was a price British unions were not prepared to pay.

### Conclusions

In retrospect, the Eurosceptic turn of British trade unions between the late 1960s and mid 1970s, culminating in their campaign for British withdrawal in the 1975 referendum, may seem to fit into "New Labour's" general memory tale of union militancy in the 1970s as "ghosts" from a different epoch, which have left little meaning for subsequent generations.<sup>80</sup> Indeed, ever since the late 1960s the British trade union lobby against the EC has not only been fraught with contradictions but has probably been one of the least successful campaigns in the post-war history of the movement. In the light of this, what is the broader significance of the case study for European integration historiography?

First of all, it is useful to recall that the outcome of the British referendum in 1975 could by no means be taken for granted at the time. A study dedicated to the run-up to the poll has suggested that an early vote at the time of the elections in March 1974 might well have yielded the opposite result.<sup>81</sup> If we take this counterfactual seriously the case study can be read as a typical example of the indirect influence of Eurosceptic groups in post-war British politics: Devoid of any substantial "input" Euroscepticism acted as a negative constraint on government policy, forced pro-Europeans to move cautiously, and caused enormous problems for party leaderships (here for Labour) to keep a united front.<sup>82</sup> Moreover, the case of trade unions helps to account for the changing character of British Euroscepticism in the late 1960s and early 1970s; as Forster has argued it was precisely during this period that previously dominant arguments related to ideology, geopolitics and national sovereignty were superseded by stronger concerns for the economic and social implications of European integration.<sup>83</sup>

In a longer-term perspective such concerns were by no means completely new. Frank Trentmann has demonstrated that anxiety over the implications of international economic integration for domestic welfare was widespread in the British labour movement already in the period prior to the First World War.<sup>84</sup> The core belief was similar to that underlying opposition to EC entry in the early 1970s, namely that the creation of wealth through international trade and investment should not be looked

80. J. MCILROY, *The enduring alliance? Trade unions and the making of New Labour, 1994-97*, in: *British Journal of Industrial Relations*, 36(1998), pp.537-564, here: p.542.

81. D. BUTLER, U. KITZINGER, *The 1975 Referendum*, Macmillan, London, 1976, p.34.

82. See A. FORSTER, *Euroscepticism ...*, op.cit., pp.138-140.

83. *Ibid.*, p.39.

84. F. TRENTMANN, *Wealth versus Welfare: the British Left between Free Trade and National Political Economy before the First World War*, in: *Historical Research*, 70(1997), pp.70-98.



at in isolation from its impact upon national labour markets and social policy institutions.

Indeed, this is an issue whose significance goes beyond the specific case of UK accession: Social policy and industrial relations, while legally still today almost exclusive domains of nation-states, have always been affected by EC measures to boost market integration, in the enabling way described by Alan S. Milward,<sup>85</sup> yet increasingly also in a constraining sense by placing adaptation pressures on national socioeconomic institutions.<sup>86</sup> In the light of recent controversies about EU directives related to the free movement of services and workers we may interpret the case of British trade unions in the early 1970s as setting a "template" for Euro-scepticism in the name of the protection of national social standards and institutions. It would be worthwhile to apply this analytical perspective to other countries, too, incidentally also in the case of non-state actors, which were not fundamentally opposed to European integration, yet at times attempted to block particular EC initiatives perceived to endanger national social policy achievements.

The British example highlights the limits of such a policy, too. British trade union attitudes were purely defensive shying away from the radical alternatives of the Labour Left while failing to put forward a coherent alternative international economic framework. There was also little awareness that non-participation in the EC by one of the largest European trade union movements by definition weakened the potential to build up pressure for a more labour-friendly Community – as Teague has emphasised the TUC's "naïve Keynesianism"<sup>87</sup> excluded a vision of the EC as a social policy arena.

In methodological terms, the article lends support to new approaches to European integration historiography focusing on non-governmental networks and the informal politics of integration.<sup>88</sup> It also demonstrates the potential of these approaches to link integration historiography more strongly with other areas of the discipline. Rather than being focused on the political and institutional logics of bargains between national governments and the European Commission the analysis of civil society groups reaches out into the various sub-fields of economic, social and cultural history. At a time of a general historiographical turn towards European and transnational approaches<sup>89</sup> this may not only provide new perspectives on the history of integration itself, but may also help to strengthen the place of EC historiography within the discipline.

85. See A. S. MILWARD (assisted by G. BRENNAN and F. ROMERO), *The European Rescue of the Nation State*, University of California Press, Berkeley, 1992.

86. See G. AMBROSIUS, *Institutioneller Wettbewerb im europäischen Integrationsprozeß seit dem 19. Jahrhundert*, in: *Geschichte und Gesellschaft*, 27(2001), pp.545-575.

87. P. TEAGUE, *The British TUC*, op.cit., p.44.

88. See W. KAISER, *Transnational European Union ...*, op.cit.

89. See for example J. OSTERHAMMEL, *Transnationale Gesellschaftsgeschichte: Erweiterung oder Alternative?*, in: *Geschichte und Gesellschaft*, 27(2001), pp.464-479.