

2 From the OEEC to EFTA, 1957 to 1959

Ireland's position on the FTA debate: an introduction

Western Europe, which for some years had tried to engender economic integration under the auspices of the OEEC, suddenly splintered into three separate, and highly disparate, economic camps of the Six, the Seven and the peripherals by 1959. The latter grouping was astutely termed the 'Forgotten Five' by Miriam Camps in her authoritative *Britain and the European Communities*.¹ As May 1959 came to a close, the predicament in which Ireland found itself in relation to the newly-proposed EFTA was a rather straightforward, albeit highly perturbing, one. Indeed, at that particular stage, it was publicly declared that Ireland would not be invited or be permitted to be present at the forthcoming meeting of the Seven in Stockholm, not even as an observer. The EFTA negotiators – prime amongst them the governments of Sweden and the UK – were exceedingly adamant about this point, in fact, basically because they felt that 'no good purpose would be served at present by having observers in the attendance'.² Thus, Ireland had essentially been fobbed off by the Seven, but it was not alone in that. In reality, what was then being made crystal clear was the fact that the negotiation proceedings behind EFTA's formation, which had secretly been going on in Geneva since November 1958, would be continuing without the participation of any of the peripherals.

In the meantime, of course, the archetypal establishment of the EEC, a development closely followed by the inception of EFTA, had also made the need for Ireland to consolidate and expand its domestic agriculture and industry – while increasing the value and volume of exports to keep up with a commensurate demand for imported manufactured goods – a virtual economic necessity. Otherwise, it was becoming patently obvious that the country's future prospects for economic survival were not at all healthy. The previous attitude of the Dublin government to European integration, however, that is of participating in trade liberalisation negotiations for the 'sake of international

appearance', had long since passed away. In reality, partially as a result of the intrinsic dynamism of the post-war integration process and partly because the government recognised the necessity of such changes, Ireland was finally being forcibly dragged into the modern era and, indeed, into the European economic and political mainstream that these changes represented.

As was previously stated, this second chapter centres on the period *From the OEEC to EFTA, 1957 to 1959*; thus, it mainly deals with the Dublin government's participation in the negotiations process for an OEEC-sponsored FTA. Indeed, it examines the 'crisis' aspect of the EFTA announcement for Ireland and, at the same time, presents an initial assessment of its ensuing role within the much larger context of European integration. It analyses this process in a chronological order and in so doing specifically attempts to answer one of the questions of primary importance to this research, thus asking: why was the UK so intent on freezing Ireland out of EFTA? In fact, all considerations on the subject of Irish-European integration policy in this period come back to determining the significance of the answer to this crucial question. There were hints however from the fact that London expressly wanted any resulting FTA to exclude agriculture, thereby continuing Anglo-Irish and Commonwealth preferences, while at the same time including industry, thus eliminating certain trade barriers. Certainly, from the start of the OEEC-sponsored FTA negotiations right through to EFTA's creation, London saw a European FTA as a trade grouping which would probably not include Ireland due to the latter's own economic deficiencies and choice. A very significant reference in the UK government's famous 'Plan G' of 14 September 1956 read: 'The United Kingdom should enter a partial free trade area with the Customs Union of the Messina Six (Benelux, France, Germany, Italy) and all other OEEC countries that wished to join (probably Norway, Sweden, Denmark, Switzerland, Austria).'³ Ireland was not mentioned or considered.

This extended introduction to the subject of Ireland and the FTA negotiations broaches the main issues that come up in this chapter, beginning with an in-depth examination of the OEEC report on Ireland in 1956, before moving onto a detailed evaluation of the stops and starts of Ireland's original FTA negotiations in the section subsequent to that. This important appraisal then leads to a deeper consideration of this chapter's opening remarks, that is the shock value to the Irish government of the announcement of FTA negotiations being launched by a group comprised only of the Seven, thus excluding the other members of the OEEC. Obviously enough, it then moves on to explore in more specific terms the position of the UK government towards Ireland and *vice versa*, in addition to an assessment of both countries respective attitudes towards the excluded OEEC members. In the meantime,

this chapter also evaluates the significance of Ireland being classed amongst the lesser developed nations in the OEEC, that is the group which was disparagingly termed in the UK and elsewhere as the peripherals; essentially, it was felt that these countries would not have been able to take on the full burdens of an FTA and were thus excluded.⁴ Indeed, at this point, a general analysis is presented on the reactions and implications of the formation of EFTA on Ireland in political terms, as well as upon the general Irish economic situation, and this section then brings the second chapter to a close save for some concluding remarks. These intermediate conclusions serve as an appraisal of the impact of the FTA negotiations on Anglo-Irish economic relations as well as introducing Ireland's relationship with the EEC. In an effort not to restrict the dimensions of this chapter, it also concludes by referring to Ireland's position regarding the GATT and introduces its relationship with the US as well.

One theme which remains of decisive importance throughout this investigation is to determine whether the publication of *Economic development* and the consequent government enactment of its *Programme for economic expansion* were the primary causes of a remarkable indigenous economic recovery that began in these years or whether these policy innovations coincided fortuitously with a general global economic upswing.⁵ A repeated feature of these central chapters is also to include a detailed, though unobtrusive, appraisal of the political situation in Ireland and in related international affairs throughout this period.⁶ It is necessary to begin these highly-descriptive and narrative-based chapters on the subject of *Ireland and the EEC, 1957 to 1966*, with something of more import however. Consequently, a fascinating OEEC report on Ireland's peculiar economic circumstances in 1956 is a logical starting point.

The OEEC's 1956 annual report

The annual report in 1956 from OEEC WP#13 – that is the economic committee – has a precis providing a useful introduction to the subject of Ireland and European integration by giving detailed and practical information on the state of the Irish economy as seen through European eyes.⁷ As background data, the report points out that, after being stable for some years, its economic situation had begun to deteriorate rather badly and rapidly the previous year in 1955. With imports rising fast – because of domestic industry's failure to keep up with the demands of a burgeoning consumer economy – and exports falling nearly as quickly – due to Ireland's failure to

compete in both traditional and potential new markets – the country was facing a financial crisis. In fact, there was a growth in the volume of national consumption of some 6% between 1953 and 1954, with an extraordinary increase of nearly 23½% in the following year. Although these sharp rises were said to owe much to increasing availability of bank credit and to a decrease in the willingness of the general populace to save, this period also saw a reduction in the country's monetary reserves, which, coupled with a rise in wages in real terms and the resultant increases in inflation, finally spurred the Irish government into action in an attempt to avert an economic crisis.

The main aims of the then coalition government, led by Costello of Fine Gael, were two-fold and may be listed as follows:

- to curb the inflationary tendencies of the Irish economy which stood at 4% *per annum* in the mid-1950s;
- to alleviate the increasingly negative balance of payments situation.

Noticeably, the diverse and remedial economic actions introduced by the Irish government – which have been inimitably described by J.H. Whyte in *Church and state in modern Ireland, 1923-1979*, as 'ferocious fiscal measures' – included a new tax on the importation of non-essential items.⁸ This particular economic prescription was introduced in March 1956 and was subsequently reinforced that July by Gerald Sweetman, the Irish finance minister. The obvious purpose of this new policy direction was to combat what appeared to be a growing and insatiable domestic demand for foreign goods. The 1956 OEEC report still felt that the general Irish economic situation would in time improve, despite a peculiar lack of investment and the haemorrhaging effects of rising emigration, both of which were seen as culturally-based phenomena. Indeed, this report also remarked positively upon further Irish government measures that were introduced in October 1956 to facilitate the country's agricultural and industrial development. In fact, these economic conditions operated in conjunction with an innovative and newly-enshrined policy that positively encouraged private investment in the economy; in this regard, the report noted that the establishment of Córas Tráchtála Teoranta in 1951, which had the goal of developing industrial products and promoting them abroad, had proved to be relatively successful. Nevertheless, the coalition government was beginning to realise that a basic need was developing to attract foreign investment into the economy, as the narrow and singular promotion of domestically owned and based exports would no longer suffice as an economic panacea for Ireland, especially without working in concert with a wider, coherent and planned set of policies. As a result, direct foreign investment

quickly became the corner-stone of Irish economic policy.

Nonetheless, the OEEC report on the economic situation that was prevailing in Ireland remained very critical in tone. Evidently, the chief implication of the report was that the Irish government would have to fundamentally change its economic attitudes and, in addition, that it would have to redirect the economy away from protectionism if it was to remain viable and if it was to emerge from the severe economic crisis that it was both experiencing and facing. As is seen in a subsequent chapter – *De Gaulle's refusal of the UK, 14 January 1963* – this advance in economic thinking did not actually take place in any substantial terms, that is in terms of direct implementation, until the early 1960s. Nevertheless, it was clear that an economic corner had to be turned, because otherwise Ireland was threatened with becoming an economic, political and social desert-like landscape, a nation from which the young and the educated would have to continue to emigrate in order to advance themselves.

The 1956 census demonstrated that, in the previous five years, the Irish population had fallen by over 2%, a trend which would continue well into the next decade. Indeed, even from these figures, it can be ascertained that the prospects for the future of the Irish economy were very bleak. In that year, however, a significant development had taken place in the Irish power apparatus when T.K.Whitaker was appointed as the Department of Finance secretary, an appointment which Tim Pat Coogan, author of *Ireland since the rising*, describes as 'one of the most fortunate decisions of Irish politics'.⁹ Within twelve months of taking up his post, the new departmental secretary had the full backing of a new administration in order to pursue his economic ideas, a government headed by de Valera, the leader of Fianna Fáil, but which was effectively directed by his tánaiste (deputy prime minister), Lemass. It is at this point in the early stages of this chapter that it turns specifically to the OEEC negotiations for an FTA, keeping in mind the political and social, as well as the economic, changes that were beginning to characterise a new Irish outlook on the world.

Background to the OEEC-sponsored FTA negotiations

As J.H.Whyte has stated, 'it is generally agreed that, towards the end of the nineteen-fifties, Ireland as a whole ... passed some kind of turning-point'. Irish historians have not actually been able to agree fully upon the exact timing of this reformation; in relation to its intrinsic nature, however, there is at least a consensus that the change was a 'psychological one' and as a result that 'the

Irish people have become more optimistic, more adventurous, more self-confident and more ready to accept criticism from themselves and from others'. J.H. Whyte has identified five factors which help to explain the chief causes of Ireland's psychological transformation during the late 1950s and well into the 1960s; he specifically points to:

- an economic amelioration generally, coupled with political and social innovation, creating both confidence and new demands;
- a shift from an inherent national policy of isolationism to a much more outward-looking view, as seen variously in the increasingly progressive attitude of the Irish delegation at the UN to the communist world, its application to join the EEC, Dublin's rapprochement with Belfast;
- the introduction of diverse foreign cultural and economic influences, as defined by an expansion in the number of foreign-owned factories, an increase in tourism, a loosening of the censor's grip on literature/film, and evidence of greater professionalism in native journalism;
- the setting-up of Radio Telefís Éireann (RTÉ – the national television broadcaster) and its first transmission in December 1961;
- the drive for liberalisation in the Catholic Church as initiated by Pope John XXIII and continued through the Second Vatican Council.¹⁰

With this context firmly in mind – that there was some sort of psychological metamorphosis going on in Ireland – it is also possible to examine the relevance and significance of the FTA negotiations within the wider question of European integration.

D.J. Maher has shown that the original suggestion within the OEEC to consider the formation of 'free trade zone arrangements' was strongly supported by the UK government. Indeed, in July 1956, the UK also favoured the decision to form OEEC WP#17, which had the task of investigating all the means and ways of associating the Six – which as a specific grouping was due to come into effect the following year – with the other OEEC members. One of the methods that was to come under serious consideration was the creation of an FTA, which can be defined as 'an area in which countries undertake to abolish progressively their customs duties and quantitative restrictions *vis-à-vis* each other while maintaining their individual tariffs, etc., with respect to the outside world'. Of course, there were categorical and inherent differences between an FTA and a customs union such as the EEC, primarily because it can also be said that a 'customs union requires the adoption by member

countries of a common tariff with respect to all other countries'.¹¹ In truth, the institution of an FTA actually suited the purposes of the UK government and obviously – just as one of the primary considerations in this discourse on Ireland's experience of European integration was the whole tangled issue of Anglo-Irish relations – the UK began to play a rather pivotal role in respect to it. This situation was reflected politically in Ireland, despite the fact that the economic realities facing the nation were both inescapable and unpalatable.

In January 1957, for instance, it was encapsulated in the views of the *tánaiste* and Irish industry & commerce minister, William Norton, who held the strong belief that the constant and innate concern of the Irish economy, even within an OEEC-sponsored FTA, remained Ireland's 'vital trade interest' in the UK. He said that:

The pattern of our trade down the centuries has been with Great Britain, and there is probably nowhere else in the world a condition of trading relations paralleled by the relations we have with Britain. We are Britain's second best customer. Britain is our best customer and it does not need very much emphasis for me to get you to realise what a change in that relationship would mean for a small country like ours with an economy which has not yet reached its optimum limits and where in fact, it can be said that our economy is still developing. The whole question requires clear and careful analysis ... no sense of sentimentality or illusory oneness, no sense of a situation in which we got the crumbs and others got the cake ought to induce us to take a step which could set back overnight all we have striven for in the past 30 years.¹²

An important point has to be made at the outset of this section because, in dealing with any aspect of Irish history, one has to be very careful of the Anglo-Irish dimension. Indeed, as is pointed out in Roy Foster's *Paddy and Mr Punch: connections in Irish and English history*, there are dangers inherent in the 'disingenuous ... notion that "we Irish" are more influenced by Europe than by Britain', holding that this has never in fact been true; he actually extends his strongly-held contention by calling such an idea 'grandiose self-delusion'.¹³ Therefore, this particular argument becomes a vital consideration about which one has to be extremely aware when appraising any aspect of Irish history and, most especially, when specifically dealing with Anglo-Irish relations.

It should be emphasised that Ireland had many of the same economic interests as the UK government. However, when the OEEC actively began to consider the establishment of an FTA in 1956, the UK immediately and understandably concentrated on prioritising the place of industry in any negotiations. Indeed, it felt that any other economic concerns, which

essentially meant agriculture, would be best considered at a more advanced stage in the whole FTA process. At this point in time, the UK government's position on the European free trade issue was assessed by the Department of External Affairs in Dublin as being influenced by three main considerations, which meant that:

- any FTA scheme would have to leave the UK free to retain the existing British Commonwealth preference arrangements;
- the exclusion of agricultural products from an FTA would make UK participation very possible and even attractive, as such a development would not seriously affect British Commonwealth imports which were of course mainly agricultural;
- a serious threat was posed for UK exports to continental Europe if the UK remained outside an FTA in which it was quite conceivable that West Germany might become dominant.

Nonetheless, despite the seriousness of these developments and the positions being taken by the UK government, even the question surrounding the degree of Irish participation in the FTA process was fundamentally at risk because, as late as October 1956, Dublin had not made a final decision about whether or not it should be fully represented in OEEC WP#17. The issue was still being debated in fact.¹⁴ It is important to emphasise this specific point as an illustration of the endemic lack of vision and parsimonious nature of Irish bureaucracy and government in their views on the possibilities and requirements of integration.

More generally, the Department of External Affairs felt that participation in an FTA would fundamentally question two issues of integral importance to the Irish economy, namely:

- the ingrained and institutionalised protection of domestic industry;
- the maintenance of Ireland's 'special position' for its produce in the UK marketplace.

Firstly, with regard to the problem of protectionism, it was fully recognised that participation in an FTA would entail the 'progressive reduction' of Irish customs duties *vis-à-vis* the other FTA members. However, a question of even greater significance was posed by the second issue: would Ireland be able to maintain existing preference rights and entry into UK markets if it remained outside an FTA? Clearly, the Department of External Affairs felt that Ireland's full participation in OEEC WP#17 would be vital if the nation was to keep

entirely abreast of any developments in that direction: 'We ... cannot afford to ignore the Working Party'. Additionally, as has been explained, it was also felt that UK attitudes made it 'essential that Ireland should be fully represented in the Working Party so that our interests may at all stages be fully safeguarded'. Thus, one of the earliest conclusions of substance reached was that, notwithstanding the outcome of OEEC WP#17's deliberations, 'serious problems' would be created for the Irish economy whether or not the government finally decided to accept or to reject its recommendations. Thus, the point made regarding Ireland's full representation on OEEC WP#17 comes even more sharply into focus and can be best explained as this section progresses. The Department of External Affairs recognised that Ireland would, by necessity, have to participate wholeheartedly in any discussions and negotiations from their very outset, so that the government could be kept fully informed and, more importantly, so that it could participate in the actual shaping of an FTA itself.¹⁵

D.J.Maher has also pointedly remarked that the prospect of an FTA was not viewed very enthusiastically by the Irish government, again for the two principal reasons referred to previously, that is that:

- the necessity of dismantling Ireland's industrial protection policy was seen as a serious threat to domestic industry;
- the subsequent removal of import barriers into the UK would result in the elimination of the Irish preferential position in that market *vis-à-vis* the other OEEC FTA countries.¹⁶

Right from the beginning of the whole FTA process, it was patently obvious to all concerned that agriculture would be a central debating issue; indeed, its inclusion or exclusion would determine the whole complexion of an FTA. Nonetheless, the UK government's deliberate insistence that products including raw and processed foodstuffs, drink and tobacco, should be excluded – so that British Commonwealth preferences could be maintained – did not soften or sway, despite Danish and Dutch opposition. On this particular issue, as with the entire concept of European trade liberalisation, the Irish government stayed relatively quiet and sat on the fence for as long as was conceivably possible, thus avoiding having to take any concrete position. For example, at the first meeting of OEEC WP#22 – which dealt with the special position of agriculture – the Irish contingent felt that it would probably become necessary for Ireland to state its official position on agriculture rather quickly, a stance which had not of course yet been finalised by the government. A compromise, the usual procedure in such a situation, was put

forward when it was suggested that a 'non-committal statement' could be prepared, referring to Ireland's 'general interest in expansion of agriculture, trade and our special position as the only member of the OEEC in the Commonwealth preferences system'.¹⁷ Nevertheless, it was becoming evident to the other OEEC members that the Irish government was not particularly enraptured at the prospect of an FTA, either for agricultural or industrial products, an attitude which reflected rather badly on its declarations about it having the required European integration credentials.

The internal debate that went on within Irish government circles was evidently much more vociferous. In fact, in October 1956, the Department of Agriculture stated its view that 'we should use our influence to secure the exclusion of agriculture' from an FTA. However, it must be said that attitudes were not all negative. Indeed, they perceived the prospect of an industrial FTA, offering improved sales opportunities in the UK market, fairly positively. Nonetheless, they felt that an all-encompassing FTA would not offer the 'essential safeguards' – that is in relation to agricultural policy harmonisation or market organisation – that for instance a common market would. In truth, D.J. Maher feels this conclusion to have been 'realistic' at that stage in the OEEC consultations process. Significantly, he also points out that there was little prospect of the UK being prepared to accept either the loss of British Commonwealth preferences or the dilution of sovereignty that would ensue from the creation of a common agricultural market organisation – as was envisaged by the Six – superseding individual national controls. From this point in time, therefore, the Dublin government only envisaged the possibility of an industrial FTA being established and, thus, began to prepare itself accordingly.¹⁸

Understandably, UK government attitudes and changes in opinion towards European integration tended to have dramatic effects upon the Irish position throughout these years. For example, also in October 1956, the Irish embassy in London dispatched a memorandum to the Department of External Affairs in which the essential point made was that economic thinking there was undergoing 'rapid change'. Indeed, it was stated that for the UK to remain outside of the European integration process – even if this was only to lead to the signing of an associative arrangement with a common market – had become quite 'unthinkable'. London could not stand 'aloof' any longer, though the report readily admitted:

... that any British decision to become associated with the Common Market will have been motivated not so much by enthusiasm for it as by a realisation of the disastrous consequences for British industry – and British political prestige – of remaining outside it.

No real need exists for this analysis to go into the pros and cons of such a policy for the UK right here, as in many ways they emerge once the Irish position is examined in more detail. Nevertheless, it should be emphasised that the economic and political freedom and power to have self-imposed tariffs with countries outside the ambit of an FTA was what particularly appealed to the UK government about the free trade form of European integration, because this course of action would clearly not have been possible within the confines of a common market. Thus, the UK's subscription to the concept of a 'partial' FTA – that is one excluding raw and manufactured foodstuffs, drink and tobacco – was due in no small part to the 'special position' of agriculture and horticulture to the UK at home and in its wider global economy, as well as within the economies of other Western European countries. In fact, this situation suited Ireland perfectly and coincided with Dublin's thinking at that point in time.¹⁹

Of course, the large-scale agricultural benefits accorded by the British Commonwealth preference system still existed and operated; indeed, Ireland was included *de facto* within this economic structure even though it had declared itself a republic in 1948 and had *de jure* 'left' the British Commonwealth at that juncture. In truth, agriculture was seen as the 'basis of the whole preferential system'; industry would, however, have to compete on the same terms for all members of an FTA. Nonetheless, while it appeared to be of the utmost importance to the UK, the British Commonwealth was being slowly replaced the whole time by the growing significance of Europe. Indeed, the Irish embassy report also noted that UK industry 'seemed to stress the challenge and opportunity [of an FTA] for British industry rather than the threat which the scheme undoubtedly represented'. The threat of agriculture also being included in a common market of the Six was seen as being some way off just yet and, apart from that consideration, was recognised as a stumbling block to the hopes of any FTA agreement being completed. This possible solution to additional European trade, that is excluding agriculture, appealed to the London government for the two-pronged reason of British Commonwealth preferences and the UK's indigenous and vastly protected agriculture industry. In reality, in the context of the British Commonwealth, an FTA for manufacturing industry posed less of a threat because the volume of trade was not substantial. Indeed, 87% of the UK's imports from the British Commonwealth would remain unaffected if agriculture was excluded from an FTA and industry in the UK would, over time, still have freer access to a potential market of up to 300 million people as recompense. This Irish embassy report thus concluded that 'it is abundantly clear that a bold break

with past British policy may be close at hand'.²⁰ The pressure on the Irish government to prepare properly and thoroughly its own definitive position had for quite a time impelled a decision yet to be made.

As the UK government's crucial, indeed intrinsic, role in Ireland's process of European integration has been identified, perhaps a more detailed look at the various standpoints of the relevant Irish government departments would be of interest in developing this argument. A report from the Department of Industry & Commerce from October 1956, on the proposal for an FTA of OEEC countries, makes the existence of divergent Irish bureaucratic positions all too apparent. Notwithstanding this point, the fact that the distinctive views of this particular department did not alter in any fundamental way in subsequent years is testament to its own idiosyncratic and inherent conservatism. One of the central aims of the Messina resolution, for example, dating from when the Six had initially met in June 1955, was 'the creation of a common European market, excluding all customs duties and all quantitative restrictions'. This move was generally envisaged as necessitating the removal of all tariffs and quantitative restrictions within a set timeframe, coupled with the institution of a common external tariff. The initial fear that the OEEC would break-up as a result into 'two rival trading groups' was obliquely confronted by the UK through the setting up of a working party to investigate what form the OEEC countries trading links should consequently take, with one of the main proposals put forward being the initiation of a wider-FTA to include the Six and the other remaining OEEC members. The role of the UK aroused surprise in the OEEC because it had commonly been expected to oppose an FTA due to British Commonwealth preferences, but, as has already been explained, the UK government's position in this period was very fluid and even more difficult to interpret. Indeed, the UK was apparently now 'genuinely in favour of the idea of a free trade area'. Nevertheless, it was made clear by the UK Chancellor of the Exchequer that the agricultural sector – the area in which the British Commonwealth countries had the greatest interest – would have to be excluded from an FTA before the UK could:

... become a party and that if there is any question of choosing between Europe and the Commonwealth, the Commonwealth must be Britain's choice ... [with] agriculture, horticulture, food, drink tobacco and feeding stuffs ... excluded from the free trading arrangements.

The Department of Industry & Commerce remarked quixotically upon the sudden enthusiasm exhibited by the UK for an FTA. Still more importantly, the report also commented on the implications for Ireland if this turned out to be the true direction of UK government policy.²¹ If this was how the

Westminster government's position was being interpreted, the question remained: what were the ramifications for Ireland?

It was felt by this Irish government department that one of the principal implications would be to challenge Ireland's 'traditional attitude' to the OEEC, as well as to question the measures it had taken for the liberalisation of trade which was 'to regard these measures as being something in which we had to acquiesce for the sake of international appearance but which the country would be better off without'. This Department of Industry & Commerce report continued its summary of the Irish position in much the same vein by declaring that the government had felt that it was much more important to have the 'maximum freedom to develop and protect our own industries [rather] than to obtain tariff or quota concessions in O.E.E.C. countries outside Britain'. This was Dublin's policy mainly because Ireland's tariff preference position in the UK was safeguarded under the various pre-war Anglo-Irish trading agreements. Notably, it was also stated that 'insofar as we had duty-free entry to Britain guaranteed on most goods, while other European countries were subject to duties, it was against our selfish interests that Britain should reduce the latter duties'. Thus, faced with the possibility of the UK being prepared to abolish duties *vis-à-vis* the OEEC countries, Ireland's interest in the matter of an FTA had suddenly become a very 'live' and serious one.

In reality, because the UK government was proposing to exclude agriculture, Ireland's future economic prospects were actually much improved, because it would as a consequence be able to hold onto its agricultural preferences in the UK market; if Ireland was to join the FTA that the UK envisaged, it would not necessarily have to remove agricultural protection. At this point, it remained to be seen whether an FTA would be formed at all; it was still very much in the balance. However, the Department of Industry & Commerce felt that if the FTA became a reality, with the UK and other Western European countries joining together for the:

... abolition of tariffs and quotas and for close co-operation in the other fields envisaged for European development, Ireland could be in a difficult position if she remained isolated between the U.S.A. on the one hand, and what, in effect, would be a United States of Europe on the other.

Of course, these implications equally applied to the UK government's own position regarding its participation in an FTA. Critically, the report then went on to suggest:

... that it might be to our advantage to agree to certain limitations on our right

to maintain tariffs and quotas in return for some of the other benefits which might accrue from membership of the free trade area such as, for example, capital and technical assistance for development purposes.²²

One of the reasons behind its ultimate exclusion from this development of European trading blocs – that Dublin was looking to extract an economic price for its participation – was born at this point. Indeed, this argument ties in with a widely-held belief about Ireland's process of integration, that it was not a question of the country's continuing peripheralisation, with its inherent and very real economic dangers, but the government's reluctance to confront it.

On 11 October 1956, a meeting of departmental secretaries was called to consider the economic and political situation confronting the country.²³ It must be said that this initiative to establish a committee of departmental secretaries under the control of the taoiseach, mainly in order to discuss developments relating to the OEEC proposals, was a major step forward in terms of a more positive outlook on Europe being demonstrated by the Irish government. However, in summarising the diplomatic report received from the Irish embassy in London on the subject of UK government attitudes to an FTA, J.C.B. MacCarthy, the Department of Industry & Commerce secretary, presented a rather negative analysis of Ireland's relative position. In doing so, he outlined four possible outcomes facing Ireland; he concluded that:

- the UK might only participate in a partial FTA – that is one in which raw and manufactured foodstuffs, drink and tobacco, were excluded – and that Ireland might then decide to stay out;
- the UK might only participate in a partial FTA and that Ireland might also decide to take part;
- the UK might participate in an all-embracing FTA – that is one in which agriculture and industry were included – and that Ireland might then decide to stay out;
- the UK might participate in an all-embracing FTA and that Ireland might also decide to take part.

Illustrating exactly where his department stood on the issue, MacCarthy explicitly envisaged the first of these four possibilities as the best option for which the government could hope, even though it was one in which 'Ireland would lose preferential treatment in Britain for its industrial exports and the equality of status with Britain and other European countries for industrial exports to Europe'.²⁴

Although there would be no direct 'counterbalancing gain' for Ireland

in this instance, he felt that this was a distinctly more suitable outcome than that envisaged by the fourth of the four possibilities, wherein:

Ireland would stand to lose preferential treatment in Britain for its agricultural and industrial exports and protection in the home market from British and European competition in industry and agriculture ... [the] only gain would be the rather doubtful one, in such circumstances, of duty-free access to European markets for Ireland's industrial and agricultural exports.

MacCarthy continued in this fashion, according to the report from the departmental secretaries meeting, 'taking the narrow view, [that] the best that we could hope for under any of the possibilities envisaged was the loss of the greater part of our British export trade in industrial products'. However, he also stressed that the 'worst we might expect was the loss of this export trade and of a great part of our industrial output for the home market, together with whatever loss to our agriculture might be caused by the withdrawal of British preferences'. Conspicuously running throughout each of the possibilities outlined by MacCarthy was the underlying promise of a transition period for Ireland's economy being granted in order for it to adjust to the new economic conditions prevalent in Europe. In effect, the setting up of any kind of FTA was considered as having by necessity to be a gradual process, one which had to be accompanied by 'saving clauses' for the weaker countries of the OEEC.²⁵

In summary, what MacCarthy in fact pointed out was that Ireland's participation in an industrial FTA would lead to a serious decline in Irish exports to its UK markets because of the loss of tariff preferences and, in addition, that the possibility of an FTA making up for these losses was at best problematic, if not improbable. There was another consideration, especially within the Department of Industry & Commerce, of a commensurate loss of jobs occurring through the establishment of an industrial FTA with clear subsequent ill-effects on the Irish economy. Opposition to this negative attitude was mainly found in the Department of Finance, most specifically with the departmental secretary.²⁶

Indeed, Whitaker was not particularly impressed with this 'narrow view' as it did not take any future Irish economic developments or evidence of expansion into account. He did not go on to question the idea of protectionist policies *per se*, however, but asked whether in the long term it might not be better for the protection of Irish industry to be lessened and gradually eliminated after, for instance, a period of twenty-five years. At the meeting, he then raised another possibility because, in recognising that the cattle export business was arguably the only export industry of particular importance to Ireland and indeed that this product was competitive throughout Europe, he

questioned whether Irish people would not be better off within an FTA that 'accepted freedom of trade, mobility of labour and capital'.²⁷ Whitaker was manifestly on the opposite spectrum of the European integration argument to MacCarthy, reflecting the contradictory emphases of the two departments on this issue. The Department of Finance secretary argued that the economy was more dynamic than the image portrayed by MacCarthy and suggested that it was actually capable of radical expansion. Indeed, for the first time, an Irish government official openly 'questioned the wisdom of backing a policy of sheltering permanently behind a protectionist blockade', according to D.J.Maher.²⁸ There were, of course, other voices in this departmental secretaries debate.

Meanwhile, Maurice Moynihan, the Department of the Taoiseach secretary, had the more practical view 'that the most likely eventuality was that a partial Free Trade Area would be set up with British participation' and that the Irish government should, therefore, operate under this assumption whilst not ignoring the existence of other possibilities. In short, he felt that the government should ardently consider what 'direct effects' on the Irish economy could result from the setting up of an FTA. Although 'it seemed reasonably clear that the scheme that would emerge would not seriously affect agriculture', Moynihan understood that there would be important repercussions for Ireland.²⁹ What was really needed was for the Dublin government to formulate a coherent set of policies to prepare for any such eventualities. Ultimately, the departmental secretaries felt the need to urge the taoiseach that Ireland should have the option of escape clauses being built into the FTA negotiations process, particularly before it made any decision or commitment to join such an FTA; this recommendation was subsequently to have highly significant consequences in relation to Ireland's links with EFTA. The departmental secretaries also made an important suggestion with regard to the UK's role in an industrial FTA by declaring that the UK government's final decision on participation should not be seen as a determinant of Ireland's own position within the FTA process.³⁰

The meeting of departmental secretaries then went on to discuss whether or not Ireland should have a representative seated on OEEC WP#17, an issue raised previously and one which was critically important to their wider investigation into European integration. In the early stages of this working group's existence, Ireland was only represented by an observer and consequently lacked the influence to dictate the direction or speed of deliberations. In fact, despite the obvious and desirous need for delegate representation, unanimous agreement on this move was not immediately forthcoming from within the Irish government. The departmental secretaries

were all in favour of making this appointment, although Whitaker personally felt that the Irish embassy in Paris should have been able to fulfil this role from within its own ranks. Seán Murphy, the Department of External Affairs secretary, replied at the time that it was not possible to supply someone of the 'requisite rank and experience' from the embassy staff and that Conor Cruise O'Brien, who had attended the first meeting of OEEC WP#17, was no longer in a position to continue to do so. Thus, dissension on the representation issue remained and, while all of the departmental secretaries felt that a senior officer was required for this position, Moynihan and Whitaker felt inclined to stress the need for an experienced, independent and unbiased officer to take up the post. Therefore, though not able to make a final decision on Ireland's future representation at OEEC WP#17 there and then, the departmental secretaries did at least agree that the Irish ambassador in Paris should attend the second meeting of the working group as Ireland's representative.³¹ However, the Irish government eventually only took the step of changing its representation from observer to delegate status on 12 November 1956. According to D.J.Maher, the Irish delegate would:

- study any FTA schemes proposed at first hand;
- keep the Irish government fully informed of any developments;
- try to influence the deliberations of the OEEC;
- advise the Irish government on what steps it should be taking.³²

The question has to be asked: if this post was so important, why was the decision about the representative's status not taken at an earlier stage? It may be said that the prevailing attitude to this appointment was totally symptomatic of Ireland's entire attitude towards European integration and particularly of its imbued position on agricultural and industrial protection.³³

In early November 1956, the departmental secretaries held a second meeting which merely confirmed the various stances that had already been taken within the administration. Indeed, Whitaker again decried the 'policy of sheltering permanently behind a protectionist blockade', whilst Moynihan was less enthusiastic about substituting this course of action for something untried and untested. Division over the future direction of Irish policy remained. Ultimately, this meeting was more significant because of the decision taken regarding the necessity of introducing 'saving clauses' for the lesser-developed members of the OEEC. This new approach centred on initiating a thorough investigation into possible escape clauses that the Dublin government could call for in the FTA negotiations. Indeed, consideration of these escape clauses appears to have been the single-most important issue up for discussion at this

time by the Irish government. A basic, but absolutely critical, stance of incalculable significance for Ireland's future policy direction in the FTA negotiations had been adopted, even if neither the government nor the various government departments appeared to be any clearer about how they should proceed.³⁴ However, once Harold Macmillan, UK Chancellor of the Exchequer, confirmed on 26 November 1956 that the UK government was in favour of negotiating an FTA, Irish minds were soon concentrated on the subject of European trade and European integration, perhaps for the first real time since Marshall Aid.³⁵

1957: Ireland and the European integration question

In giving this background information to the decision by the Seven to exclude Ireland from EFTA membership in the summer of 1959, these opening sections to the chapter have tried to distinguish trends that subsequently continued or halted during the whole FTA process. It is interesting to note that some of the earliest Irish newspaper speculation centred on the probability of an FTA being formed comprising the Six, along with the addition of Austria, Denmark, Norway, Sweden, Switzerland and the UK. The question being asked was: where was Ireland going to fit into this 'revolutionary' and 'fabulous' idea? ³⁶ Still, the *Irish Press* could not resist saying that: 'Part of our country, the Six Counties, will have no option but to follow Britain into the Free Trade Area'. Nonetheless, this otherwise well-informed and unbiased report from the beginning of 1957 continued to hold that: 'Irrespective of whether we join the proposed Free Trade area or not our agricultural products will continue to enter the British market on preferential terms'. Misgivings remained about whether, apart from the UK, other FTA members would seek free trade for agricultural produce in addition to the proposals for an industrial FTA. Thus, the vital point at issue here was that Ireland could not afford to ignore economic developments in Europe, especially as they might result in the eventual disappearance of its agricultural access to the critically important UK markets, the possible development of which would spell economic disaster.³⁷

In the meantime, the general media perception was that the government had a decision of fundamental importance to make regarding whether or not to join an FTA. However, the perceived wisdom was that it would not because of two main reasons, which can be listed as:

- the UK government's insistence that raw and manufactured foodstuffs,

- drink and tobacco, must be excluded from the plan;
- Ireland's own peculiar need to protect its under-developed and weak manufacturing industry.³⁸

Both of these points were to prove fundamental in how Ireland viewed Europe and how it was in turn seen, directly and indirectly; firstly, it was identified – no matter how much it insisted to the contrary – with the UK economy, while having to consider its own retarded economic position as well. Of course, domestic politicking continued in this background, as did a rather revolutionary government policy of informing the nation about European integration issues. A substantial amount of time and consideration was being given by the cabinet to determining the country's position on the FTA proposals throughout the period between 1956 and 1959. However, the government had, at least, made sure to make their decisions as informed as possible; at this stage, an extensive examination of the views held by Costello's government is thus useful in further understanding the immediate background to the FTA negotiations. The Fine Gael led coalition of 1954 to 1957 had not, for instance, hesitated in continuously consulting with the principal groups that would be affected by the projected abolition of tariff barriers – farmers' organisations, trade unions, bodies connected with commerce, foreign trade and industry – as well as with other groupings of economic and political import that would be affected by additional changes resulting from Ireland's European integration.

In a speech delivered in the middle of January 1957, the taoiseach thus had the ideal opportunity with which to air unambiguously the government's views on the economic and political situation that was developing. It is worth quoting extensively because he said:

As a member of that Organisation [the OEEC], we will very shortly have to decide whether we should participate in the formation of the Free Trade Area, and if so on what conditions. In our present stage of development a proposal to participate ... raises grave and serious problems which have been, and are, receiving urgent consideration by the Government. Since the decision we take is bound to have a fundamental and lasting effect on our economy, it is essential that interested bodies and the public generally should be given an opportunity of appreciating the problem and of expressing their views. It is intended that the public shall be kept fully informed on this subject. Whether we join or not, it is certain that we cannot hope to remain unaffected by the establishment of the Area. The future prosperity of Ireland will depend on whether we meet successfully, by increased and more efficient production, the challenge presented by the proposal to establish a

unified free trade market in Western Europe, comprising up to 250 million people. In facing that challenge and the more immediate difficulties which lie ahead, we are fortified by the fundamental economic and financial strength of the country, based on the extensive economic and social investment of the past thirty-five years. Our aim must be to build on that strength, and our faith and confidence in the future, which are our most precious assets.³⁹

In fact, the Irish cabinet decided to make it absolutely clear to the other OEEC nations that Ireland had finally determined upon its position towards the whole concept of an FTA and, indeed, that it had resolved its position on the question of European integration. As a direct consequence, it was minuted in cabinet that:

In accordance with her general attitude to movements by European countries towards closer economic association, Ireland welcomes the proposal to form a European Free Trade Area. While her attitude to the question of participating in the Area will, as in the case of other countries, be determined in the light of considerations of her own national interests, Ireland views with sympathy this latest movement towards closer association among European countries and wishes the proposal every success.⁴⁰

The Irish government had made a very important statement of intent which, nonetheless, was surpassed by its own propensity to except itself from the FTA process, an action which had become a regular occurrence in its dealings on the wider European integration question.

During both the build-up and subsequent OEEC-sponsored FTA negotiations, it soon became apparent that Ireland was most concerned with the protection of the lesser developed OEEC countries like itself. This was despite the fact that each of these peripherals were, to all intents and purposes, ostensibly different from one another; Ireland's economic dependence on UK markets for its agricultural products, for example, put it into a totally unique position within the OEEC when compared to Iceland's dependence upon fish. Indeed, for the lesser developed countries, one of the few basic shared characteristics put forward by this unlikely grouping was their geographical peripheralisation and their heterogenous nature. Therefore, this course of action by the peripherals – for them to have grouped themselves together – was a fundamental mistake, affirming their exclusivity, rather than their inclusiveness, within the OEEC system, whether as separate nations or even as a distinctive grouping.

This position was not tackled by Liam Cosgrave, the Irish foreign minister, who tried to further the European integration debate when he said

later that month, January 1957, that though the government had not yet made a final choice on whether or not to join an FTA the issue was under detailed study. He added that any important decisions on the matter would only be taken when the views of interested bodies and the general public were ascertained and taken on board. Cosgrave continued by saying that Ireland was confronted with the joint probability of an industrial FTA of 250 million people being formed and, additionally, by a group of Six operating a fully functioning agricultural FTA. Accordingly, any meaningful economic decisions which had to be taken by the Dublin government, notwithstanding the anticipated existence of an FTA in some shape or form, would by definition have to have a 'far-reaching impact' upon the Irish economy.⁴¹ Thus, the stimulus of European integration for Dublin was predominantly economic rather than political.

Nevertheless, the Irish government was evidently unable to make a fully informed choice at this stage and was thus consulting enlightened – as well as public – opinion before coming to any decision. The UK government's determination to pursue the matter of an FTA was obviously going to force Ireland into making a decision one way or another; however, the former's reticence to include agriculture in such a trading bloc gave the latter some much appreciated room for manoeuvre. There remained a huge risk to the Irish economy though, with a very real fear existing that Ireland's 'protected industries might shrivel up before the blast of unaccustomed competition from every part of Western Europe'. The difficulty facing Ireland's entry into an FTA was therefore balanced in a complex and delicate consideration between enhanced opportunities for agriculture and extensive difficulties for industry. There was still a limited amount of time in which to decide about how to proceed, but the initial reaction of Irish manufacturing industry was that even more time was needed to study the proposals and that the advantages of joining an FTA were, apparently, not 'very great'.⁴²

An important point regarding secondary sources arises here, because Miriam Hederman holds that the Irish application to join the EEC was:

... the first time ... [that] the government began to consult with producers' organisations, professions and trade unions during an international negotiation. This practice was quite new in 1961, and arose from the pressures built up by the government's non-committal handling of the European issue.⁴³

Of course, this view is a patent misreading of the public and private debate that was being conducted in Ireland before and during the FTA negotiations. One of many examples one could use to contradict Miriam Hederman's statement

includes a Department of Agriculture progress report on the FTA negotiations from early 1957 which directly refers to the Dublin government's process of consultations with public and private bodies interested in determining and understanding the position faced as a result of the OEEC-sponsored FTA negotiations.⁴⁴ European integration was an inclusive debating issue in Ireland even though the arguments deliberated did not confront the essential concerns of the wider OEEC membership.

One of the fundamental problems that was undoubtedly facing Ireland with regard to European integration was the fact that the country was disproportionately reliant upon the UK economy. Indeed, 79% of all Irish exports went to this one market in the year that Fianna Fáil came back into power.⁴⁵ Even if the UK market was diminishing in relative importance year by year – in 1954, for instance, at the beginning of the Costello administration, the figure had been just under 90% – and although the total export share of manufacturing goods from Ireland was rising and that of live animals falling, its economy remained remarkably immature and closed by most contemporary European standards in 1957. Indeed, in that year, 43% of total exports still consisted of live animals, while the totals for food, drink & tobacco on one side and manufactured goods on the other were 31% against 21% respectively. Such analogous sets of data illustrate graphically Ireland's dependence for exports on a single underdeveloped market, as well the immaturity of its economy.

Equally, this contention is self-evident from Irish import figures, demonstrating that Ireland had fallen well behind its European counterparts in what should have been a decade of impressive post-war development. 57% of all Irish imports in 1957 were sourced directly from the UK, with the combined figure for European nations hardly reaching 16½% of the total. This sort of economic dependence is even more evident when one considers that 74% of all Irish imports at that time consisted of manufactured goods, a staggering total suggesting a highly undeveloped domestic manufacturing industry in Ireland. With their numbers combined, the various European trading blocs only managed to absorb 9% of Irish exports in that year, a remarkably small figure given the Irish government's repeated statement about its growing commitment to the opening up of access to heretofore virtually untapped markets. Even from such relatively uncomplicated sets of figures, it is not difficult to grasp the enormity of the problem that was facing the country as a whole, because the threat being posed by the UK's participation in a wider European trading bloc was a very real one, especially when, in the case of Ireland, membership of such a grouping was being flagrantly excluded.

By early February 1957, the Fine Gael led government was still

publicly unsure of which economic avenue to take, with Costello stating that:

... [although the] attitude that this country should adopt towards the proposals for a European Free Trade Area is at present being considered ... a final decision will be taken only after full consideration of those opinions [from the organisations directly concerned] and of the best advice that is available to the Government.

In other words, they did not possess any concrete ideas regarding how to proceed in the more immediate future.⁴⁶ Nonetheless, the *Irish Times* still managed to put Ireland's true trading position into some sort of perspective by questioning 'whether ... the risks of abstention [from the integration process] are not enormously greater than those of participation'.⁴⁷ Evidently, the choices that the government felt it faced did not appear to be so straightforward.

Costello's government may not have failed to intimate that they found the concept of an FTA appealing, but they also publicly insisted that every OEEC country would have to be fully protected from untoward circumstances causing any 'serious damage to its economic fabric'.⁴⁸ The Irish delegate at an OEEC meeting on 12 February 1957 'made it clear that Ireland's decision on the question of joining or not joining the area would, of course, depend on our assessment of how our national interests would be affected'.⁴⁹ The next day, formal negotiations for an OEEC-sponsored FTA were initiated.⁵⁰ Additionally, emanating directly from the cabinet itself, there was publicly declared enthusiasm for the country to cooperate fully in the European economic integration process. The reality of Ireland's position on an FTA remained remarkably fluid, however, with the prospect of remaining disengaged from such an economic bloc even being considered as an option if the UK government decided to table an 'offer to make it worth our while to stay out'.⁵¹ As with the other members of the OEEC, national interest came before any conviction among the Irish government in favour of some undefined European ideal regarding integration. In spite of such doubts, the truth of the matter was that Ireland was at the same time manoeuvring itself into a corner through its espousal of FTA membership preconditions, a position that would ultimately prove to have far-reaching negative consequences, economic and political, right through to its application to join the EEC and beyond that point as well.

Even with a change in administration – from a Fine Gael coalition to the formation of a Fianna Fáil minority – following the March 1957 general election, immediate attitudes in official circles to European integration did not vary significantly. It should be borne in mind that this election greatly distracted public debate away from the FTA issue altogether to the most

important political consideration of all, that is local rather than national, never mind international, politics. Even the signing of the Treaties of Rome on 25 March 1957 – thereby creating the EEC and Euratom – appears to have attracted little attention. Paradoxically, the man who in succeeding years would come to epitomise Ireland's more open trade policy was the new *tánaiste* and industry & commerce minister, later viewed as some kind of visionary on the implications of European affairs and developments. Lemass took over the crucial role as the Fianna Fáil government's principal spokesman on this issue, while assuming virtual prime ministerial powers in lieu of the *taoiseach*, de Valera, who in turn exercised less and less influence over the day-to-day direction of policy or the running of government.⁵²

From the beginning, it was clear that the new government was not about to enact any radical policy departures without thinking them through. Responding to questions regarding the propriety of maintaining its protectionist policies, Lemass declared that a comprehensive and continuing review was taking place, but he was not prepared to go much beyond that.⁵³ All that he would emphasise was that Irish industry had to be clear that certain practices must change and that it had to become more efficient. He stated:

... I think everybody has now come to realise that, in the new circumstances which may develop in the next year or so, efficiency in all phases of manufacturing activity is the only possible basis for survival. I hope that that is now being very widely appreciated and that there will be a coming together of parties engaged in industry to ensure how that efficiency which means survival can be realised ...⁵⁴

The pace of that change was another matter altogether. Thus, despite the new domestic *status quo* resulting from the election, it came as no surprise that the Fianna Fáil led government initially decided that it was only prepared to assume FTA membership obligations when it had been established beyond reasonable doubt that the Irish economy had achieved ameliorated relations with the economies of those FTA members more highly industrialised than itself.⁵⁵ In so doing, the government explicitly categorised Ireland as an underdeveloped country within the context of the OEEC.⁵⁶ As a result, this signalled to the UK government that it was not particularly interested in putting Anglo-Irish trade at risk through its engagement in the uncertain process of European integration. The Irish agenda for the FTA negotiations had been unequivocally set, much to its own detriment. However much Dublin made clear its intentions to move away from a policy of wholesale protection, to depart from the imposition of customs duties and qualitative restrictions, it was going to prove more difficult to convince prospective European partners

of its good faith.

The FTA negotiations

On 11 May 1957, Ireland submitted a detailed document to OEEC WP#23, the grouping that had ostensibly been set up to deal with the positions and needs of the peripherals, that is the industrially underdeveloped countries in any FTA. The government argued that Ireland could not expect to share in the benefits of such an arrangement unless its special economic position was fully taken on board by the other FTA members. In fact, this memorandum pointed to various problems facing Ireland's economy, including those cited as follows:

- an unbalanced employment situation in which agriculture was a bigger employer than manufacturing industry;
- the existing high levels of unemployment and underemployment;
- the historically based retardation of the indigenous industrial sector;
- the disastrous past and continuing effects of emigration;
- an isolated geographical location on the European periphery.

The main derogation to the general conditions sought by the Dublin government was for the intermediate maintenance of protective economic measures to be guaranteed until Ireland's assumption of FTA membership obligations became a more 'practical proposition'. Their finely documented case centred on the reality of the Irish economic situation, that the country could not immediately face up to full-scale competition without suffering dire consequences as a result. Consequently, a twenty-five year timeframe was put forward in which to remove all quota and tariff restrictions. This proposal was envisaged as a necessary practical and desirable interim step leading to Ireland's full participation in an FTA. Obviously, there was an additional proviso in which the Irish government declared itself prepared to assume FTA membership responsibilities at a proportionally faster rate if the national economic situation improved more rapidly. Initially, this presentation was viewed in a fairly positive light by the other OEEC countries, even if these views tended upon more mature reflection to be of a more pessimistic and negative nature.⁵⁷

An OEEC delegation subsequently visited Dublin the following month, primarily in an effort to flesh out more detailed, relative positions on an FTA. However, the government's presentation to the delegation was rather meagre, restricting itself to proposing that Ireland:

- be exempted from automatic tariff reductions for at least ten years after the first general set of OEEC tariff reductions were introduced;
- should have the freedom to impose new tariffs or to increase existing tariffs by up to 50% *ad valorem*;
- would reduce its tariff rates by 5% annually once the exemption period concluded, until their eventual elimination;
- would reduce all tariffs of 50% or over – a commitment which actually represented half of all Irish tariffs – by 5% upon the first general set of OEEC tariff reductions.

Of course, other significant economic questions were raised, the most important of which directly concerned the UK's position. Indeed, the government made it categorically clear that it was not prepared to commit itself to giving anything away in relation to the mutually beneficial Anglo-Irish trade agreements of 1938 and 1948. The Department of Agriculture had stressed to the government the need to maintain Ireland's 'special advantages' in the UK market, emphasising that this requisite should not be ignored in the heat of the negotiations for an OEEC-sponsored FTA. Thus, on the critical question of agriculture, the government informed the OEEC delegation that they expected opportunities to be given for the export of agricultural, as well as industrial, products to all OEEC member countries in an FTA. In fact, they added that they expected that any impediments to this policy – such as domestic support policies established to shut out imports, high and/or frequently changing tariffs, obstructive administrative regulations – would not be tolerated. It is abundantly clear from these negotiating positions that, as D.J.Maher puts it, the Dublin government was looking for special treatment in specific economic areas. Critically, it was also the first official indication that the government would want agriculture to be an integral part in any FTA resulting from the OEEC negotiations.⁵⁸

In particular, the Department of Finance argued that the impetus on the question of industrial protection had to come from central government, contending unsuccessfully at the time that the primary stimulus for change needed to come directly from that source because otherwise native industry would not react positively to the process of European integration but would continue to shelter behind institutionalised protectionism.⁵⁹ Indeed, the position regarding Ireland and the proposed FTA was beginning to appear rather more static. It was becoming clearer that Dublin would be ready to join such a grouping if it was economically possible to do so, but it was also signalled that it still had to consider how Anglo-Irish trade relations and other

such considerations would be affected first.⁶⁰ The unyielding nature of Irish politics did not help the situation and was instanced by an opposition motion put forward in Dáil Éireann in June 1957 when the suggestion of forming a bipartisan committee – with the intention of examining the whole question of an OEEC-sponsored FTA and the EEC – was flatly rejected by the government. However, for two central reasons this simple episode still proved to be a significant development when placed in the context of Ireland's experience of European integration; importantly, this was the first parliamentary debate in Ireland on Irish participation in Western European economic groupings and, secondly, the government was from then on at pains to point out that Ireland could not accept EEC membership obligations if the UK remained outside the Six.⁶¹ The Irish position was crystallising.

Meanwhile, OEEC WP#23 was able to report on a set of positions then being taken by the group of less developed OEEC countries, that is Greece, Iceland, Ireland and Turkey. The most significant and universally-held stance being forwarded by these countries was that certain special provisions would have to be made for them; these included stipulations that:

- appropriate means would have to be found generally to enable their chiefly agricultural exports to benefit from the creation of an FTA;
- during the much needed transitional period, conditions would have to be provided within which they could then be permitted to maintain a greater degree of tariff protection than that generally allowed in the rest of the FTA;
- within the institutional framework of an FTA, financial resources would have to be made available to assist their economic development so that they would be able to attain a position enabling them to undertake the full obligations of the FTA more rapidly.

In specific terms, Greece and Turkey were strongly seeking the inclusion of agriculture in any FTA, for example, and wanted institutions to be developed to provide financial assistance to the less developed countries; indeed, generally speaking, they sought better treatment than that with which Ireland would have been well satisfied. Thus, although this statement by OEEC WP#23 should be viewed as one of a more generalised nature, it had the negative effect of clustering these four nations together, so much so that they were unequivocally seen by the other OEEC members as a coherent, special-case grouping.⁶² Indeed, one of the implications of this opinion was that Ireland was seen as being outside the mainstream FTA process.

A full appreciation of the implications of this stance are central to this

study, both in understanding the background to London's subsequent attitude to Ireland's proposed EFTA membership in 1959 and in the Irish government's ensuing dealings with the EEC. Indeed, this highly symbolic stance on derogations was to have major implications for Ireland's whole experience of European integration in this second post-war decade. The Irish government was expecting OEEC WP#23 to recommend derogations for Ireland and for the other peripherals from otherwise accepted FTA obligations. The OEEC partners did not view demands such as these with equanimity. At the same time, Dublin also wanted to solidify already existing Anglo-Irish trade agreements.⁶³ However, even at this relatively early stage, the Irish were under the distinct impression that the UK did not visualise Ireland actually joining an FTA.⁶⁴ Decisions about the conditions and the future conduct of Irish foreign economic policy were continually having to be faced and made. Nevertheless, at this point, there was little room for doubt amongst informed observers about the economic import and magnitude Anglo-Irish relations played for Ireland, even within the context of its expanding integration policy.

At a crucial Irish cabinet meeting held at the beginning of November 1957, exchanges centred on the upcoming bilateral consultations planned with the UK authorities. In fact, it was decided that Dublin would be represented at these Anglo-Irish discussions at the highest possible practicable level so that the UK government would be left under no illusions about the sincerity of Ireland's future intentions. In the process, it was decided to inform London:

... that the Government are proceeding on the assumption that, in the event of the Organization for European Economic Co-operation granting the waiver on agricultural tariffs for which the British have asked, the benefit of such waiver will apply automatically to imports of agricultural products from this country.

With this supposition in mind and assuming that this would indeed be the UK government's position, the cabinet decided that the Irish representatives at these forthcoming Anglo-Irish talks would have to draw attention to Ireland's deteriorating position regarding industrial exports to the UK, mainly in an effort to obtain some sort of 'compensation', that is improved terms for Irish agricultural exports.⁶⁵

These concessions, which in truth amounted to a rather parochial set of demands from the Irish government, were listed as:

... the removal of the possibility of quantitative restrictions on our agricultural products on entry into Britain, the abolition of the differential in cattle prices, coupled with an arrangement for the indefinite maintenance of

the store-cattle and sheep price-links, and provision for consultation on a bilateral basis with a view to securing balanced agricultural development in both countries ... the admission of duty free fish caught by Irish boats and landed direct from the fishing grounds in Britain or the Six Counties ... clarification of the position in regard to fish and fishery products and also in regard to manufactures of food, drink and tobacco.

Furthermore, it was also proposed that London should be asked to support the proposition that the FTA recognise the 'special' Anglo-Irish economic relationship, especially with regard to agricultural products. If it supported this idea, the government was prepared to propose at once to the OEEC that Ireland maintain the 'system of preferential tariffs in favour of Britain for as long as tariffs are in operation, on the grounds that these preferences are necessary to the satisfactory operation of the special relationship'. In turn, as some sort of *quid pro quo*, Ireland would agree to support the UK's stated desire for an agricultural tariff waiver.⁶⁶

In addition to the specific Anglo-Irish dimension, an attempt was also to be made by the representatives at this bilateral meeting to secure a general statement in support of special provisions being made for the less developed OEEC countries.⁶⁷ This move emphasised that the Anglo-Irish relationship within an FTA was not to be linked to Ireland's ambition to be treated as an underdeveloped country through OEEC WP#23. Indeed, it also accorded with two of the main holdings of *Economic development*, which were that Ireland would:

- have to broaden the destination of its agricultural exports;
- ensure that Anglo-Irish trading relations did not disimprove.⁶⁸

In fact, this was to shadow Ireland's basic attitude to agricultural and industrial sectors within a European FTA, exposing the fact that in its list of foreign economic and political priorities Anglo-Irish considerations came well before any stated concerns about integration. Of course, it has to be said that Anglo-Irish talks such as these were always going to be of paramount importance to the future shaping of bilateral trade relations, especially as far as Ireland was concerned, but at this time they assumed an even greater significance. Indeed, these particular discussions dealt comprehensively with the most important aspects of this vital and reciprocal economic relationship. The crucial consideration for Ireland was that strong Anglo-Irish trade relations should actually be maintained within the context of an FTA.

At the talks themselves, Reginald Maudling, the UK Paymaster General, restated that the UK government was seeking a waiver for

agricultural produce in the FTA and that as a consequence this would duly apply to Anglo-Irish commitments. Nonetheless, he also said that the UK was not in a position to go any further on this particular issue at that time and, in addition, it would not be able to preserve Anglo-Irish industrial preferences. In particular, Maudling was at pains to stress to the Irish delegation that they should do nothing rash at the OEEC WP#23 and strongly advised that Ireland should not take up positions that could be termed as being prejudicial to the accepted and enduring *status quo*.⁶⁹ Evidently, right from the beginning of the talks, all was not going according to plan for the Irish delegation.

The position of the UK's agricultural sector within this European integration context was much more straightforward because, according to Heathcoat Amory, the UK agriculture minister, speaking in the second series of Anglo-Irish trade discussions, London's basic stance *vis-à-vis* an FTA remained the same. He said that it was:

- to protect British Commonwealth preferences;
- not to surrender control over UK agricultural policies.

Once again, as with Maudling, the UK agriculture minister was not prepared to entertain any suggestion that Irish agriculture imports into the UK could replace any Irish losses that were suffered on industrial preferences. In fact, Amory was much less prepared to give future commitments to Ireland at all in regard to agriculture. Indeed, he even asked his visitors whether they were considering the possibility of staying out of an FTA altogether, to which the *tánaiste* felt obliged to reply that Dublin would act purely out of national self-interest. As a matter of fact, the Irish delegation at these bilateral talks stated that their government was actively contemplating joining an agricultural FTA, news which was evidently much to the UK deputation's chagrin, but it agreed that any undertaking of this nature would obviously depend both upon OEEC attitudes to agriculture and, ultimately and more importantly, those of the UK. Indeed, such a decision would, the Irish delegation reassured their hosts, show full consideration to London's own attitude on the issue.⁷⁰

In the third of these series of bilateral meetings, David Eccles, the UK President of the Board of Trade, was also of the opinion that nothing could be promised to Ireland until more detailed positions regarding an FTA were forthcoming. Again, according to Eccles, the UK government clearly did not envisage agriculture being allowed to become some sort of economic 'headache' within a future FTA, thus assuaging Ireland's main fear, that is the possible imposition of tariffs on Irish agricultural produce. It was undoubtedly going to be difficult for the UK to preserve the historical and special

agricultural arrangements in the case of a European nation – Ireland – as distinct from those of a British Commonwealth country, due in no small part to the anticipated loss of tariff and/or trade reciprocity rights regarding agricultural and/or industrial products. The Irish delegation was soothed somewhat though by the promise of future close consultations on the subject of Anglo-Irish trade questions that were being raised through the FTA process.⁷¹ In short, although not all the positions being taken by the UK government were in accord with Irish predilections, at least these bilateral talks presented the Irish with a clearer picture of where Anglo-Irish relations stood within the wider framework of European integration.

Accordingly, the UK Paymaster General paid a visit to Dublin in January 1958. In preparation for this event, the Department of Industry & Commerce duly made its concerns regarding Anglo-Irish trading relations apparent to the Irish government, listing five central objectives that it wanted to see achieved. Their memorandum recommended that:

- the Anglo-Irish 'special trading relationship' continue in an FTA;
- any FTA proposals should not affect the place of agriculture within this 'special arrangement';
- bilateral arrangements should be rebalanced in the light of changes in the preferential position of Irish industrial products in the UK;
- the UK should openly declare its interest in preserving its preferences in the Irish market;
- London support Ireland's call for 'special treatment as a country in the process of development', including the possibility of the setting up of an OEEC investment bank and/or readaption fund for members, though this was not to be considered a development fund.⁷²

A major preoccupation of the Irish government was connected with how native industry could best be protected within the European integration process, including ascertaining the lengths to which the OEEC countries would be prepared to go to help; Ireland's insistence on support for the readaption of industry was a noteworthy and significant position to take.⁷³

One of the government's more specific preoccupations remained over the question of its freedom of movement within an FTA, on the right to take unilateral action on an issue such as dumping for instance. Generally speaking, the main economic and political desire, indeed preoccupation, it had at the time was to preserve the Anglo-Irish 'special relationship', including all the benefits and drawbacks that this position actually implied. Another concern, however, was the perceptible equivocation felt to be present in UK

government statements and positions.⁷⁴ Nonetheless, it did not yet seem as if London was prepared to take any major specific positions until the FTA process itself had been further clarified; as one UK official said: 'let us catch the hare before we decide how much pepper and salt it needs'.⁷⁵ The Irish government had to accept this as the official UK attitude even though it continued to try to temper its implications through its bilateral links. In public, Lemass continued to remind the country of what was at stake, telling one employer's organisation that:

The implications of such a decision [the pursuit of economic isolation in the face of a European FTA] would be political as well as economic. It is right, therefore, for us to decide even now that if and when a European economic arrangement, embracing all the countries of Western Europe, including Britain, comes into being, it is more likely than not that we will elect to go into it, and to begin now the reconsideration of economic aims and policies which such a decision would force on us.⁷⁶

However, although the future was not necessarily beyond the government's control, sometimes any decision was not better than none at all.

Of course, throughout this period of intense Anglo-Irish consultations, the peripherals continued to work upon a common negotiating formula in the FTA talks, despite the fact that all of their deliberations were totally dependent upon the major powers, France and the UK, being able to iron out their own differences, which they were not. In early January 1958, the Greek, Irish and Turkish delegations submitted a position paper to OEEC WP#23. In this presentation, each country demonstrated that they had come independently to the same final opinion that they could not accept the full obligations of an FTA until they had each reached a higher level of economic development. Their main concerns remained threefold: firstly, in relation to agriculture and fisheries; secondly, concerning the development of a triumvirate of support agencies – a European Development Authority, a European Investment Bank and a European Readaption Fund; lastly, a sincere undertaking throughout the OEEC to promote investments needed to stimulate their respective economies. If the OEEC was able to address positively these immediate concerns, the peripherals proposed:

- to introduce unilaterally a 5% reduction on all tariffs over 50% in the first year;
- to seek an exemption from further tariff reductions until the tenth year at the very least;
- to maintain the freedom to impose limited tariffs, particularly in the

case of perceived product 'dumping', if the need arose.⁷⁷

The scale of existing trade barriers was not endearing to outsiders, nor were intervening steps to shore up some of the gaps created by new demands or new product lines.⁷⁸

Ireland had just cause for complaint and worry, real concerns that could not be evaded because of the potential damage that they could cause; as the industry & commerce minister informed the Seanad:

... any agreement for the establishment of a Free Trade Area in Europe will not merely involve arrangements for the gradual removal of tariffs but also for the removal of unfair trade practices. The agreement will certainly provide that action can be taken by any country against dumping, as it will be defined in the agreement ... It will provide, I hope, for the elimination of cartels, which distort trade, and thus give full play to competition and give access on equal terms to raw materials for the industries of all countries.⁷⁹

Most of the positions addressed by the three countries did not alter significantly throughout the first half of 1958, although each of the considerations were fleshed out somewhat.

Therefore, by the autumn of that year, the position of the peripherals on the question of their participation and role within an FTA had developed to read as follows:

- the transitional period for the dismantling of protectionist policies for the peripherals should be set at a minimum of thirty years;
- there should be an initial exemption period of at least ten years for the peripherals on the first stage of reductions;
- during this initial exemption period, reductions on tariffs exceeding 50% would be made at the rate of 5% in the first and sixth years;
- the principle of review by authorised institutions was accepted by the peripherals but only on the express understanding that any resultant recommendations would not in fact be binding, though they would be considered by the country concerned with the 'utmost attention';
- proceedings against 'abnormal imports' would only be dealt with under the conditions of an FTA convention dealing with dumping.

In public, however, the government's stated position did not totally accord with its private efforts to be treated differently within an OEEC-sponsored FTA. For instance, in reply to a question in Dáil Éireann on whether Ireland had been declared an underdeveloped country by the OEEC, Frank Aiken, the Irish foreign minister, had a reply drafted to say:

This country has not been decreed an underdeveloped nation by the O.E.E.C. or any other international organisation. The Deputy may, however, have in mind that the O.E.E.C., in the discussions on the proposed Free Trade Area in Europe, has recognised the need to grant special treatment in such a scheme to some Member countries, of which Ireland is one, which are considered to be in process of economic development and which could not, therefore, be expected to assume from the outset all the obligations involved in membership of a Free Trade Area.⁸⁰

Nevertheless, despite its best efforts to disguise the truth, the Irish government had in reality placed itself in the invidious position of being perceived as less developed and peripheral by the other OEEC members than it necessarily was, even if regular public utterances were made to express the contrary position for domestic consumption.

Notwithstanding such efforts, the truth of the matter emerged in mid-November 1958 when Jacques Soustelle, the French information minister, announced that the differences at the FTA talks in the French and UK positions were intractable. An official communiqué from the former stated that 'it is not possible to create a Free Trade Area as wished by the British'. As a consequence, the OEEC FTA negotiations came to an abrupt halt; the UK government accused the French of obduracy, but this feeling was only reciprocated.⁸¹ Having come to power that summer, Charles de Gaulle reinvigorated France's confidence in its own capacity, including a commanding position within the Six via a rapid improvement in Franco-German relations, and in its own ability to engender unanimous EEC support against any European FTA. Paris had effectively vetoed the whole idea. The *Irish Press* duly ran the headline 'Deadlock over free trade' just as the secret talks between the Seven were opening.⁸² Irish deliberations within OEEC WP#23 were thus in vain even if, within the context of the OEEC-sponsored FTA negotiations, the degree to which Ireland was prepared to move on the subject of tariff reductions has itself to be questioned anyway.⁸³

Amidst these developments in the realities of the European integration process, the Irish government had not noticed that the rules of the game had changed. Indeed, Lemass clung to the view that Ireland's request for a 'dispensation' from obligations for the reduction of protective measures was still valid, going so far as to declare that the country needed a decent interval in which to achieve such a development.⁸⁴ In truth, this belief ultimately helped to exclude Ireland from the subsequent EFTA negotiations process. Publicly, however, the tánaiste had managed to betray the lack of choice facing Ireland, as well as the lack of influence the country could exercise

through the course of its European integration generally and more specifically regarding the institution of an FTA. The choice facing the country was bleak. If the UK finally decided to enter into a wider European agreement on agriculture, with even the limited possibility of Anglo-Irish agricultural trading agreements having to be modified as a result, Ireland 'could not stay out'; if on the other hand the UK decided to stay outside of such an arrangement, the immediacy for Ireland to determine its relative position would be lessened. Nonetheless, Lemass fully expected the UK to join an FTA and thus the spectre of an agricultural settlement being incorporated into such an agreement remained a very real economic threat to Ireland.⁸⁵ Even worse news was yet to come.

EFTA's creation: the 1959 announcement

The sudden announcement in May 1959 of a decision by the Seven to form an FTA caused shock-waves to run through the Irish economic and political establishment. Along with the other OEEC peripheral nations, Ireland was pointedly not invited to the trade discussions that were then taking place. The primary reason for this snub was plain for all to see. The Seven did not want to get bogged down with the problems of the peripherals, instead they wanted to form an FTA to complement and/or even to rival the Six. Once again, severe economic isolation loomed as a consequence, though this time as a result of Ireland's position outside of the integration process. As was explained in the introductory section to this chapter, the comprehensive examination of a 'crisis' issue – such as its exclusion from EFTA – helps to make the wider assessment of Ireland's experience of economic and political relationships within the broader question of European integration, specifically with the EEC between 1957 and 1966, much more logical and substantial.

The announcement of the formation of EFTA in 1959 was just such a moment and, indeed, played what can be considered a defining role in Ireland's subsequent attitudes and history. If it did nothing else, the public proclamation of the impending formation of EFTA caused the Irish government to confront seriously the question of European integration once and for all. In reply to the expected ensuing barrage of questions in parliament – including one, for example, which asked what was Ireland's attitude to the Swedish proposals for a smaller FTA and another which asked if the government was aware that 'fresh discussions relative to the free trade area have been initiated ... and whether Ireland is privy to such consultations so that no agreement may be reached by this block of seven nations without our interests being considered'

– the tánaiste answered at some length. Lemass explained to the Dáil that the OEEC-sponsored FTA discussions had originally been intended as a means to secure a multilateral agreement associating the EEC with the other OEEC countries, Ireland included. Indeed, he added that Ireland had participated fully in these discussions for two main reasons; firstly, because it was a member of the OEEC; and secondly:

... because we considered that Ireland should support the efforts being made to prevent the trade divisions which threatened to arise in Europe if the European Economic Community were not associated with the other OEEC countries on a basis acceptable to all seventeen members.

It should be pointed out that this was a rather disingenuous and highly misleading argument, mainly because Ireland could hardly have stayed in the OEEC and persisted in implementing its protectionist policies, without at the same time joining the other members in making some efforts towards negotiating for the creation of an FTA.⁸⁶

During the course of his remarks on 20 May 1959, the tánaiste stated that although the FTA negotiations had been suspended, it could not be said that the idea of a multilateral arrangement between the various countries concerned had actually been abandoned. Indeed, Lemass stated that a seventeen-nation FTA was ultimately what Ireland in fact favoured, a statement which was manifestly an erroneous analysis of the actual situation as it did not take stock of the realities that had led to the creation of separate Western Europe economic blocs. He continued his statement to Dáil Éireann by saying:

Accordingly, our attitude since the suspension of the Paris negotiations has been governed by a desire not to engage in any action which might prejudice work towards the eventual conclusion of a multilateral agreement between all OEEC countries. Among developments which have taken place since the suspension of the Free Trade Area negotiations last December are the discussions between a number of other countries (including Britain) outside the European Economic Community on the possibility of establishing a free trade area comprising certain countries outside the Community. These discussions were not carried out under the auspices of OEEC and the Government have insufficient information on the progress of the discussions on the proposals reported to have been put forward by Swedish interests and on the attitude of Governments towards them.

Indeed, this was stated as being one of the main reasons behind his upcoming meeting with the UK Paymaster General, that is 'to clarify the status of these

proposals and to discuss their possible effects on future trading relationships between the two countries'.⁸⁷ Undoubtedly, the UK's stance remained the Irish government's pivotal consideration. The parliamentary debate continued, so it is worth going into these questions and answers in some detail.

In reply to a further enquiry – which asked if Ireland had been invited to participate in the discussions, which were said to have been 'apparently initiated' by Sweden, or whether the Irish government had intimated to the convenors of the negotiations that it did not want to participate – Lemass said that the government had concluded that the 'best interests' for Ireland would be served by an OEEC 'multilateral agreement' and that it had not prejudiced or delayed the emergence of any such agreement. He had not answered the question asked. Continuing upon this line of questioning, the *tánaiste* was asked by his interlocutors if Ireland had received an invitation to participate in the negotiations as it was plain to see that the other nations 'did not just all arrive there out of some feeling that they would all meet'. Lemass replied that he did not know if invitations had been issued but maintained that 'certainly, we received no invitation'. He was then asked whether the OEEC-sponsored FTA talks had been suspended indefinitely or if there was some arrangement to reconvene them. The *tánaiste* said in reply that the arrangement agreed upon at the breakdown of those talks was to recall the participants in January 1959; this meeting had not taken place, leaving the negotiations issue up in the air somewhat. The volley of questions in *Dáil Éireann* continued unabated.⁸⁸

Lemass was asked if possible future links for Ireland with the EEC could arise out of an amalgamation of smaller agreements, so that those outside the Six might join just such a multilateral arrangement at a later stage; he was obviously not prepared to comment and was not really in a position to do so. Finally, an insightful inquiry was made querying if he had any more information about whether the talks were 'confined to free trade in the industrial field and whether they include free trade arrangements in which agriculture will be included'. Thus, Lemass finished his inquisition by stating that: 'No definite statement on the proposals has been published, so far as I know, but the information available to us suggests they relate only to the industrial field'. In fact, throughout this parliamentary question and answer session, he was not able to impart much in the way of new information at all. Certainly, the Irish government was in some disarray concerning the affair, but the *tánaiste* was not in a strong enough position to influence matters to any large degree. It should be remarked that this relatively adroit domestic handling of the predicament in which the government now found itself was commendable, especially considering the relatively poor position it actually faced.⁸⁹ In spite of such verbal dexterity, however, it did not hide the truth of

the matter or take away from the fact that Ireland had been totally excluded from the EFTA process.

The Anglo-Irish meeting that was held on 26 May 1959 was an ideal opportunity for the Irish and UK governments to exchange views on the creation of the Seven. On behalf of the latter, Maudling tried to explain the formation of EFTA as only the first step towards a wider seventeen-nation OEEC FTA for industrial products; the possibility of agriculture becoming involved however, as a *quid pro quo* for Danish involvement, was nonetheless a distinct one. The central advice of the UK Paymaster General to the Irish was to disassociate themselves from the peripheral grouping, an intention that Lemass was able to confirm as being on his government's immediate agenda. Nevertheless, the Irish were not particularly interested in joining an industrial FTA anyway because Ireland stood to lose its Anglo-Irish preferences either way. There was a problem though, because the UK team felt that the Irish were exaggerating their losses on this particular account. In any event, the tánaiste was concerned with agriculture most and thus was not really impressed with Maudling's view that everything would somehow come out well in the end. With their inherent potential to deal comprehensively with agriculture, the main Irish worry was that economic isolation would result from the regressive development of Europe divided into separate economic blocs. The UK delegation did nothing to alleviate that fear.⁹⁰

On 29 May 1959, the Irish minister in Stockholm informed the Department of External Affairs that he had met with Hubert de Besche of the Swedish foreign office, a meeting in which he obtained a press release announcing a meeting involving the Seven that was to be held some days later. This press release declared that the Seven had already met on three previous occasions, expressly to discuss the economic integration question in Europe; these meetings had been convened at Geneva on 30 November 1958, at Oslo on 21 February 1959, and at Stockholm on 17 March 1959.⁹¹ Of course, there was an interesting footnote to the first of these meetings because William P.Fay, the Irish chairman of OEEC WP#23, had also been invited to represent the interests of the peripherals. As Richard Griffiths has said:

It is difficult to talk about solidarity in the OEEC, to keep a common front against the Six if you are going to have a set of negotiations that are going to exclude four of the members with whom you are being solid in the context of the OEEC. The presence of Fay doesn't particularly help the negotiations to go with a swing.

Ireland was not a party to any further discussions of this nature and, although they were told that they would be kept informed about any developments, an

important decision was taken at this early stage. Indeed, Richard Griffiths has also pointed out that:

One thing that Geneva meeting does is to insist that the Seven have a right to continue meeting separately, in other words, even while the Irish representative is there, the future members of EFTA actually confirm their own right to go on meeting not having to have representatives from the peripherals there in the future.⁹²

In addition, it should be added that the Seven understandably convened as a group – although not in such a formalised manner – independently of these meetings. It all just meant however that Ireland was going to be excluded from the new smaller-scale negotiations.

Another crucial point is that the communique from Ireland's Stockholm ministry also stated that, with the suspension of the original FTA negotiations on 15 December 1958, the governments of the Seven felt that there had been little substantial movement in rectifying or reviving the negotiations process. Therefore, the press release now announced that the Seven were going to restart the OEEC negotiations on a smaller scale, with the forthcoming meeting planned for 1 June 1959 thus being seen as a further promotion of this cause. Significantly, the statement then specifically addressed the situation of the peripherals stating that:

It was recognized ... during the negotiations in Paris, that some of these countries are in a special position and that they have problems which, not being alike to those of the other member countries, call for special treatment. In the preliminary work which has taken place so far within the seven it has not been possible yet to approach those questions, which however are acknowledged to constitute an important part of the problem of economic cooperation in Europe.

The meeting held in Stockholm on 17 March 1959, de Besche informed the Irish diplomat, had engendered various ideas from the Seven participants and these were now the subject of the impending meeting. The Swedish foreign office official told him 'that the British were in general in agreement with the Swedes on the proposals made', at which point the Irish minister was formally notified that: 'Attendance at the meeting will be confined to the seven countries'. Effectively, Ireland had been excluded from EFTA.⁹³

The diplomatic report from the Irish minister to his superiors in Dublin continued by saying that de Besche had already been asked:

... whether or not the four countries, including Ireland, which had claimed special treatment should be represented by observers, but the feeling of the Seven was that no good purpose would be served at present by having observers in the attendance. The aim of these negotiations amongst the Seven is to formulate a scheme for free trade amongst themselves, which would enable them to present the six Common Market countries with proposals for a co-operation which would be satisfactory to both groups. While that was the aim, at the same time the Seven's plans will, it is hoped, be a practical alternative to the Common Market, should the negotiations between the Seven and the Six not meet with the success desired.

De Besche felt the need to stress that, in the view of the EFTA countries, the creation of the Seven 'was not a move of discrimination against the Common Market, though the Common Market had discriminated against the seven countries'. Indeed, in specific regard to Ireland, de Besche said that it would not be adversely affected by any likely outcome because it had already agreed, in general, with the plan for the abolition of tariffs at the OEEC-sponsored FTA negotiations. Unquestionably, this was not what the Irish government itself supposed. Regardless of what the Irish diplomat was being told, the fact of the matter was that the talks themselves between the Seven were due to begin within days. In fact, in this regard, the Irish minister was able to report that de Besche was 'reasonably hopeful' but, at the same time, 'cautious in his prognosis' regarding the outcome that could emerge from that meeting. Of small comfort to the Irish government was the news that de Besche personally agreed to keep Ireland informed on the progress of the EFTA discussions.⁹⁴

The offhand and matter-of-fact way in which this information was conveyed must have come as a hammer-blow to the Irish government. After all, the basic message conferred was that Ireland had been well and truly excluded from the EFTA process and, for the immediate future, from the process of European integration. It may have reacted with caution as a result of this development, but the Dublin government was clearly frustrated at this turn of events. Indeed, aside from the public statements of the tánaiste, there was to be an immense degree of furtive diplomatic activity in the months that lay ahead; rather understandably, this chiefly concerned Anglo-Irish trading relations. The wider ramifications of EFTA's inception have to be evaluated at this point, especially when considering the question of its implications for Ireland's future integration policies. These two subjects form the basis of the next section of this analysis regarding the negotiating period stretching from the OEEC to EFTA.

Immediate reactions to a new economic development

The blackballing of Ireland from EFTA was one of the more serious matters with which the Irish government had to contend in the post-war period. Indisputably, it was a situation that merited deep-seated concern. However, it still had to be determined by the Irish whether their barring from EFTA was a problem which required immediate explanation and/or redress. Of course, the fundamental impact of EFTA exclusion upon Irish government thinking was that it was now glaringly obvious that the country would have to make the transition from being a less-developed economy to a modern industrial one very quickly or else Ireland would risk becoming a European economic backwater. Certainly, the economic outlook appeared to be rather barren as the summer of 1959 approached.

As with the failure of the OEEC-sponsored FTA negotiations the previous winter, the creation of EFTA in mid-1959 potentially had major implications for Ireland. Indeed, it was immediately obvious that one crucially important repercussion was that the UK would have to begin to dismantle its industrial tariffs with its EFTA partners as a result, in the process eliminating Irish industrial preferences. However, there was also an even more significant danger of EFTA extending its remit to include agricultural produce, for which strong support could already be found from some of its projected members, including Denmark and Norway, both of which were major competitors of Ireland's in the export of agricultural produce. The government was left with the stark choice of either seeking EFTA membership or else risk engendering even closer and possibly spiralling dependence on the UK. In reality, all other economic options open to the new taoiseach, Seán Lemass, elevated to the post in late June 1959, had either become untenable or unthinkable. Therefore, the Irish government chose the second option, primarily because of the significance of UK markets to Ireland. Thus, as an immediate economic priority, it set about building on existing Anglo-Irish trade agreements, before thinking of, or indeed implementing, other ways to develop the domestic economy and/or to expand Irish exports. The government had unremittingly felt that, even without an FTA, bilateral trading agreements might very well suffice for Ireland's immediate economic needs. Nevertheless, the opening of the Seven's intensive negotiations to create EFTA had made improvements in this regard an absolute necessity.⁹⁵

An Irish Department of Finance memorandum on Anglo-Irish economic matters that dates from July 1959 gives a summary of bilateral discussions up to that point. It began with an apocalyptic announcement, coupled with a recommendation; it said that:

... a Free Trade Area of the Seven ... will cause us to lose, eventually, our industrial preferences in the British market over Britain's partners in the Area and may lead to an immediate reduction in our agricultural exports to Britain if, as appears likely, Britain grants concessions in the agricultural sphere to Denmark as a quid pro quo for Denmark's joining the proposed grouping. These losses would upset the balance of advantage of the Anglo-Irish Trade Agreements as to warrant our seeking a revision of the Agreements which would secure for us compensating advantage from the British.

The report specifically recounted an Anglo-Irish meeting from 26 May 1959, when Lemass had called upon the UK Paymaster General to give Ireland more up-to-date information on FTA developments in general and upon the reported proposals for an FTA of the Seven in particular. Lemass, still *tánaiste* at that stage, told Maudling that, whether it joined the Seven or not, Ireland would lose its advantages in the UK market's industrial sector as a direct result, specifically in relation to timber products such as paper. More importantly still, because of the possibility of concessions being made to Denmark, Ireland stood to lose out on the agricultural side as well, especially in relation to bacon and dairy products.⁹⁶ In bilateral economic exchanges, the Irish were never averse to getting down to minutiae.

Lemass was primarily interested in preparing the way for a 'joint look' at the existing Anglo-Irish trade agreements, with a view to seeing what were the prospects for increasing bilateral trade. The *tánaiste* expressed his anxieties to Maudling, stating that he foresaw the disappearance of smaller economic entities in Europe as a consequence of the creation of blocs. The main hope for the small economies, therefore, was for economic association with these large groups. However, if Ireland was to enter any such group, it would understandably have to be an arrangement that included the UK. At this meeting, Lemass made it clear that he was not inimical to recognising the basic need for Ireland 'to maintain and develop our economic relations with Britain since we might undergo appreciable losses as a result of the formation of the Seven and might also lose trade in the Common Market'. Thus, before the UK government committed itself to the new *status quo* in Europe, Lemass remarked that he wanted both nations to look at the Anglo-Irish trade arrangements already in existence and, if the need arose, to adapt them accordingly to these new developments. However, the UK Paymaster General was not particularly enthusiastic about the Irish proposal for these trade agreements to be jointly examined, even if he did not have much to offer in return by way of recompense. In fact, regarding the Irish delegation's views on the formation of European trading blocs and the relative positions of small nations, all he had to tender was the opinion that there was bound to an OEEC

solution sooner or later, that 'all would come right in the end'. Obviously, this belief was never going to be a satisfactory enough guarantee for the Dublin government and, understandably, they set about looking for something more concrete and substantial straightaway.⁹⁷

On 10 July 1959, the cabinet met to consider the various problems faced as a result of this new set of economic circumstances. What they decided to do was to put their case forward to the UK during the bilateral discussions on future trade relations that were due to commence within the following few days. At these meetings, the UK delegation made it clear that they understood the problems that would be created for Ireland by the proposals to form an FTA of Seven. Indeed, the new taoiseach was summarised as having said that:

We see two large trading groups preparing to dismantle their tariffs and to enter into closer trading relationship within each group. We can see no advantage to ourselves in entering either of these trading groups. In fact with the new developments we see the markets of Europe beginning to close to us. Simultaneously with this development trade prospects for Ireland in this market are likely to contract because of Britain's proposed entry into a Free Trade Area of the Seven.

In trying to put the Irish argument across, Lemass recalled that 'special consideration' had been given to Ireland's position during the earlier OEEC talks on the creation of an FTA and that the 'possibility had been discussed of regarding the trading relations between our two countries as being in a special category'.⁹⁸ As elucidated by the UK President of the Board of Trade, London's reply was that by staying out of both the Six and the Seven the Irish were putting themselves in a very awkward position; they added that it was difficult for the UK to see what they could do for Ireland in such a situation.⁹⁹ Ireland was evidently in danger of not only isolating itself, but of bogging itself down in the morass of continued negotiations, with all hopes of a positive outcome resting upon the UK government.

At the same time, the determining factor in Ireland's relationship with EFTA, through its formation and its ensuing economic consequences, was the attitude of the UK government, to which it is necessary to give some brief background information. Interestingly, at rather an early stage, the UK Department of the Treasury noted that, upon the formation of an FTA, that is one excluding the Six and the peripherals, the major task faced would be the mediation of a wider European FTA to be carried out through two separate processes:

- negotiations between the Six and the Seven;

- the resultant negotiations with the peripherals.¹⁰⁰

It was quite clear that the Treasury's positing of any negotiations with the peripherals, to take place only after the mediations between the smaller FTA and the EEC had concluded, was not accidental or just some UK government oversight. It felt that:

It will be wholly advantageous if 'The Hague' Treaty [between the Six and the Seven] can be negotiated first and the position of the peripherals dealt with subsequently ... It seems inevitable that ... additional protocols or treaty [sic] should grant rights to and impose obligations on Greece, Turkey, Ireland and Iceland separately, not to them as a group. Their needs are dissimilar, and there is no reasonable basis on which they could constitute themselves as a group.

Indeed, within the UK government it was felt that, once the smaller FTA had been formed, this new grouping would firstly wish to negotiate with the Six – mainly in order to remove trade barriers and to secure effective arrangements for future economic cooperation – and only then would they deal with the other outlying members of the OEEC; it was acknowledged that some of these peripherals would have 'special problems requiring special treatment'.¹⁰¹

According to the UK Department of the Treasury, however, it was recognised that Ireland would 'be adversely affected by these proposals [for an industrial FTA] rather more than most members of the Commonwealth'. It also gave a warning because, as Ireland was a member of the OEEC, it was fully capable of causing 'unnecessary difficulty' for the UK government if it was to line up with Greece and Turkey. Therefore, it was recommended by the Treasury that the Irish should be kept informed of UK government thinking, in much the same way as the members of the British Commonwealth would.¹⁰² Nevertheless, the whole emphasis of this line of argument with Ireland was that all future considerations such as bilateral trade relations, should be in the 'broad political setting'. Furthermore, the Treasury went on to say that, apart from the proposals to explain the UK's situation to the Irish, the government should not feel the need to explain to the other peripherals what it was doing.¹⁰³ Therefore, Ireland was being treated as an exceptional case and, for all practical purposes, as a member of the British Commonwealth, albeit one that was also a member of the OEEC.

Various meetings, which do not have to be listed here, between representatives of the UK and Swedish governments took place around this time in order to discuss the Swedish draft proposals for an EFTA. At these gatherings, the specific question surrounding the future role of the peripherals

arose more than once. When the existence of the new EFTA project became public knowledge, both sets of participants clearly felt that they would have to reassure the peripherals of their continued role within the European economic framework. However, a decision as to whether a statement should be issued holding open the prospect of the peripherals being welcomed into the EFTA grouping or whether EFTA should offer to bring the peripherals into a wider FTA with the Six was not easily taken.¹⁰⁴ Nonetheless, with regard to the actual EFTA membership question, it can be asserted that the Swedish proposals adamantly stated that it would 'be open to any country willing to undertake in full the obligations of the Area'.¹⁰⁵ Of course, there was also a vigorous debate within the UK government about the future role of the OEEC peripherals, with particular attention being paid to Ireland. However, the Irish government was not willing to enter an FTA without certain derogations being made, so, in effect, this economic avenue was in fact closed off to them. EFTA membership was not a serious option for Ireland. Nevertheless, its very existence posed a grave threat to the future well-being of the Irish economy.

The UK Foreign Office also referred to the problem of members of the OEEC who were set to be non-members of both the EEC and EFTA. Indeed, they placed Ireland in a category containing the 'old' peripherals – that is Greece, Turkey, Iceland and, by definition, Spain – before going on to say that the prospective problems presented in this regard would be very different in two major respects from those faced previously. Firstly, because the earlier FTA negotiations had been on the basis of a seventeen-nation OEEC, the course of those discussions had attempted to associate all members 'in a movement to free trade and cooperate in economic matters on a multilateral, seventeen-country basis'. In 1959, however, the negotiations for an FTA were now going to be between two separate groups of countries, in addition to a number of individual countries which would be, it was presumed, 'unlikely' to result in a seventeen-nation organisation of the 'old pattern'. Secondly, because of their 'form and purpose', the OEEC-sponsored FTA negotiations had placed the peripherals in a powerful position to block or veto wider progress if their individual demands were not met. The peripherals would not enjoy such a position in the new negotiations that were now to follow, as they would not take place under OEEC auspices and because the peripherals would have no direct role to play in them anyway.¹⁰⁶

This assessment of the difficulties created by the presence of non-members of both the EEC and the EFTA within any negotiations scenario contended that the peripherals problems would, in fact, now be three-fold. The reasons for this situation were listed as follows:

- the existence of two European economic groupings 'each engaged in reducing tariff and quota barriers within the group, but neither extending benefits of these reductions to outsiders';
- 'the expectation which Greece and Turkey had formed during the former F.T.A. negotiations (and will have retained) that the new organisation would supply them with financial assistance to develop their economies. Ireland and Iceland are to a lesser extent interested in development capital, but if Spain joined this group she would be a candidate on par with Greece and Turkey';
- 'their desire to be associated as equals with the other members of any all-European economic association ... associated with the institutions of neither the E.E.C. nor the F.T.A., they would fear that they would be increasingly excluded from the machinery of European cooperation.'

Thus, the actual distance between the peripherals and the two blocs was, according to the UK Foreign Office, rather a large one in negotiating terms, even if it was not felt to be especially or necessarily insurmountable.¹⁰⁷

In the same report from May 1959, the UK Foreign Office then raised certain basic questions with which the UK government would thus have to deal. Firstly, should all or any of the peripherals be allowed to take part, fully or as observers, in the negotiations for EFTA and should they be consulted or kept informed about progress? Secondly, should any account be taken of the likely requirements of the peripherals in drafting a convention for EFTA? Finally, should any of the advantages of EFTA then be extended to the peripherals? Although of a rudimentary nature, these considerations addressed Ireland's central integration concerns. At this point, with possible solutions for the dilemma presented in mind, the Foreign Office paper stated that:

Our main long term objective is to restore and strengthen European cooperation through measures to free trade carried out by common institutions. In negotiating an E.T.A., we shall make it clear at all stages that we consider E.T.A. the surest means of achieving the long term objective, which will itself be in the interests of the peripheral countries. Our immediate objective would therefore rightly be to secure maximum freedom of action so that agreement on E.T.A. may be reached in the shortest possible time and with the minimum of complication. The fewer the countries involved, the easier the negotiation may be expected to be.

Furthermore, it declared that none of the peripherals would be in a position to accept the obligations of the proposed EFTA and, therefore, that their presence

at the EFTA negotiations would only 'complicate and delay matters'. Indeed, the Foreign Office wanted 'to resist any claim by them to take part, fully or as observers, or to be consulted', unless of course the Seven actually found it 'opportune' to do so.¹⁰⁸

In any event, chiefly in order to avoid any resentment resulting from their exclusion, this UK Foreign Office memorandum proposed that a general statement on EFTA's basic aims and obligations should include a reference to the needs of peripherals. In fact, an example of such a statement was given; it read:

When we have formed the association we shall wish to negotiate with the Six members of the E.E.[sic]C. and the other members of O.E.E.C. (some of whom, we recognise, may have special problems, requiring special treatment) in order to remove trade barriers and to secure effective arrangements for economic cooperation.

In this regard, the Foreign Office analysis went on to assert that, provided the intention of the EFTA negotiators to proceed to wider negotiations with the other OEEC members was 'categorically and publicly stated', there was no necessity to 'complicate the task of drafting by trying to take account ... [of] the needs of individual peripherals'. An understanding that Portugal's position within the EFTA negotiations could be construed as anomalous by the other peripherals was explicitly recognised, because if it was allowed to have special terms the report stated that 'difficulties in dealing with the peripherals would be greatly increased'. Indeed, this was seen within the Foreign Office as a 'strong argument' for not making any concessions at all.¹⁰⁹ The Portugal issue – how its proposed membership of EFTA reflected on Ireland – is dealt with later in this section, as is an assessment of the type of EFTA that was actually negotiated. However, the peripherals, determined not to be forgotten, posed other pressing problems.

The peripherals were manifestly not going to be happy with only the airing of their long term aspirations, as it was clearly expected that they would seek watertight guarantees on their relative positions. This UK Foreign Office paper recognised, for example, that the make-up of any subsequently expanded FTA would have to include quota and tariff provision for the peripherals 'not less favourable' than those mutually accorded by the EEC and the EFTA. In addition, it went on to say that it must also be recognised that:

... consideration will sooner or later have to be given to the case which Greece and Turkey and perhaps others of the peripheral countries may be expected to make out for their being given special financial assistance from

other members to enable them to play a full part in a wider European association ...

Additionally, the Foreign Office argued that it would 'not be in our interests to encourage the peripherals to form anything like a "third college"'. Indeed, such a pressure group was to be expressly avoided, it felt. The express feeling was that directly effected countries outside the OEEC, such as those in the British Commonwealth, were 'less likely' to be 'troublesome' to the UK government during such negotiations than the peripherals.¹¹⁰

In a separate report that outlined a brief history of European economic cooperation and integration from the viewpoint of the UK government, it was stated that the formation of the Seven was foreseen as a means of putting pressure on the Six through the resulting reduction in trade, that the ultimate prospects of negotiating a wider FTA agreement would therefore only be enhanced. In direct relation to the peripherals, this UK departmental secretaries note from June 1959 asserted that the express intention of the UK was to find a way of bringing the peripherals into such a wider European FTA. The report went on to point out that this preliminary procedure of setting up EFTA was chosen only because such 'great difficulties' had been experienced in attempting to negotiate a seventeen-nation FTA in 1958 that it had now been decided that a much wider association would pose 'almost insuperable problems of negotiation' unless it was accomplished piecemeal.¹¹¹

Ireland, however, remained a case apart and would have to be treated accordingly. It is readily apparent that within the UK government there were differing attitudes concerning the position of the peripherals relative to the new economic blocs. The UK Board of Trade, for instance, held that although the 'Stockholm undertaking' was made amongst the Seven – meaning that 'there was an understanding that the Seven should not treat one another worse than they treated the Six and that they should treat one another better where possible' – it would doubtlessly be difficult for them to justify discrimination against the peripherals.¹¹² Equally, it would be very difficult and probably undesirable to have to vindicate prejudicial behaviour against the Irish. A different briefing from the UK Department of the Treasury made further reference to the peripherals and stated that, although press interest in the UK on the subject of the peripherals was not to be expected, it was still recommended that the UK 'make it clear that it would be our intention to find some way of bringing the peripherals into a wider European association with the two main groups'.¹¹³ At the same time, the Irish situation would undoubtedly receive significantly more media attention and would have to be somewhat more influential on the direction taken by London as a direct

consequence. Ireland was a separate consideration for the UK government and one that could not be ignored.

Related to this consideration of Ireland as a distinct case and in direct relation to the process of the Stockholm EFTA negotiations, there was also the heated question of the part to be played by the British Commonwealth countries – to which Ireland belonged in various respects – not only in terms of trade. Therefore, the Commonwealth governments, including Ireland, were usually kept fully informed about the EFTA discussions. Indeed, they were told that the Seven were making 'rapid' progress in their negotiations because of the 'general desire' to reach a widely acceptable agreement. Apart from the general reassurance given to these nations that on the industrial side they had nothing to worry about – that the 'Stockholm discussions are proceeding in accordance with the principles which we indicated as being desirable' – other interesting observations and remarks were made available for the general consumption of all the Commonwealth countries, Ireland included. London prefaced this particular information by saying that, within the EFTA group, there appeared to be universal support for the principle that it was not the intention either to form some kind of free market to modify existing international obligations of the EFTA members in any way or to use the quantitative restrictions issue to create some new type of preferential system. In fact, this UK departmental secretaries note continued by reassuring the Commonwealth that it appeared to be the 'clear intention' of all the EFTA governments that any free market amongst the Seven would only be designed to provide the bridge to an ultimate agreement with the Six. Importantly for Ireland, however, the UK also said that some:

... agricultural provisions will be necessary to complement industrial Free Trade Area. Our aim in this context has been to avoid a comprehensive agricultural agreement similar to that discussed in relation to the seventeen country Free Trade Area.¹¹⁴

Nevertheless, the notion of an agricultural side to EFTA being born was obviously much more complicated and heated than that. Indeed, it had much more serious implications for Ireland, as well as for the Commonwealth as a whole, than this report implied.

As far as the UK government was concerned, the main problem was the 'disposition' that the Danes had towards concluding some 'far-reaching agricultural agreement'. According to information supplied by the UK to the members of the British Commonwealth, this idea did not actually receive wide support. However, such circumstances did not stop the Danish government from stating that it was ready and willing to consider an FTA agreement on

agriculture among the Seven, for a limited number of years, even if only based on a few general principles. As the London government noted in its telegram to the Commonwealth members and Ireland, ultimately there would have to be Anglo-Danish bilateral discussions to consider what would be the resulting arrangements for those agricultural commodities in which Denmark had an export interest. Indeed, this UK departmental secretaries report to the Commonwealth governments then said that the UK government had considered the Danish statement and had decided to agree to bilateral talks, which were envisaged to take place soon thereafter. It was appreciated that it was impossible for the Danish government to decide on its attitude towards EFTA until it had some idea of the treatment that would be accorded to its agricultural exports. As a result, the UK government regarded the procedure of Anglo-Danish bilateral discussions as the most practical way of handling the complicated agricultural situation.¹¹⁵ Understandably, the Dublin government was particularly concerned about the efficacy and suitability of this strategy.

There was, however, an additional telegram for the 'Old Commonwealth' nations – that is Australia, Canada, New Zealand, Rhodesia (later Zimbabwe), South Africa, and Ireland – from the UK government which had important implications for the latter. This addendum pointed out that one of the main fears of the UK government was that a delay in discussing agriculture with the Danes would have a resultant delay upon the EFTA discussions as a whole. It was clarified in this second exchange that the Danish commodities that were to be discussed at this bilateral meeting included bacon and pig meat, beef and other meat products, dairy produce and eggs. Indeed, as the telegram actually remarked, this represented the 'whole range of Danish agricultural exports to us', but at this delicate stage in the EFTA negotiations the UK felt that it was not in a position to argue against it too vigorously if it was to receive its industrial FTA. As a result, the telegram tried its best to be reassuring; it pointed out:

Fact that discussions may cover all important items in Danish agricultural exports to this country does not of course mean that we contemplate making concessions to the Danes over the entire field.

The UK government was nevertheless looking to achieve a balance between EFTA goods and British Commonwealth considerations. For example, one central idea that was put forward as a compromise was to give tariff concessions on bacon to Denmark – which in fact covered around 50% of total Danish agricultural exports to the UK – as it considered that: 'Imports of bacon from the Commonwealth countries ... are very small'.¹¹⁶ Obviously, however, this was not what the Irish government itself felt regarding the matter of UK

bacon imports.

Another important consideration, of course, was dairy produce. In this case, the UK government was not as inclined to yield to Danish insistence, but still felt that it might be necessary, in resisting this pressure from the Danes on the general question of dairy produce, to make a concession in a more limited sphere, such as the tariff on imports of blue veined cheese for instance. The thinking behind this approach was very simple:

It is ... our hope that if in the course of the negotiations it seems to us necessary to make this concession in order to avert pressure for concessions on other dairy products of greater interest to Commonwealth countries, the latter will agree to waive the preference binding in the wider general interest of securing a Free Trade Area of the Seven, with the advantages to the Commonwealth as a whole which as [previously] explained ... will it is expected go with it in the long term.¹¹⁷

Nonetheless, Denmark's inclusion in EFTA was already proving to be a very demanding and most inconvenient consideration with which the Irish government had to deal, because not only was Ireland now in danger of losing its industrial preferences into the UK market, but its agricultural preferences were now under serious threat too.

The implications of EFTA's conception

In the meantime, some very important decisions had already been taken regarding EFTA's composition. As a result of its exclusion, the question of new members in this grouping was now a significant consideration in Ireland's case. Therefore, it is worth noting that in relation to the accession of other countries, it was agreed by the Seven that this must only be by 'unanimous agreement'. However, while some of them expressed a preference for confining EFTA accession to countries drawn from the OEEC, it was clear from an early point in time that the Scandinavian members were in 'some difficulty' over Finland's position.¹¹⁸ In fact, a draft plan on the question of further EFTA membership remarked that it would only be open to countries 'ready to assume the obligations', while also reinforcing the view that there would have to be unanimous consent to any such decision.¹¹⁹ Therefore, Ireland had been excluded not only because the Irish government was not ready to assume all the obligations necessary and was not in a position to negotiate concessions or derogations, but because it was not receiving the support of the UK government to further its candidature. As has been noted

previously, one of the pivotal determining factors in Ireland's relationship with EFTA was the attitude of the UK government, not only to the fundamental make-up of EFTA, but also both to the Irish role with EFTA and to the Anglo-Irish trading relationship. Thus, this brief background information that has been presented on the part played by the UK serves as a significant introduction to the actual reactions of, and implications for, the Irish government to its exclusion from the new European grouping of Seven.

At a meeting of the UK cabinet steering committee on EFTA held on 25 June 1959, one of the main items reviewed were the discussions held with representatives of the Irish government from the previous day. In this regard, one of the UK officials present said that the Irish delegation had evidently been extremely concerned at the prospect of UK tariffs on bacon and cheese actually being removed within EFTA. Indeed, this report continued by stating that the Irish representatives were:

... also perturbed by the political, as well as the economic damage which they might suffer as a result of their being excluded [sic] both from the Six and from the Seven, and were sending a note to all the countries concerned proposing that, pending negotiations for a seventeen-country free trade arrangement, the members of the Six and of the Seven should extend to the Irish Republic the tariff and quota adjustments which they were making among themselves.

The Irish delegation had then asked for UK government support for this proposal and urged that they ought to be allowed to attend the forthcoming EFTA meeting in Stockholm to argue their case. Quite understandably, the UK representatives informed their Irish counterparts that this would be 'impracticable'. Needless to say, the Irish deputation felt that it was imperative that another Anglo-Irish meeting be convened without delay to discuss the whole trade issue, but the UK was not immediately clear whether the Irish envisaged such an encounter as a repetition of the meeting held the previous day or as a meeting to review the 1938 Anglo-Irish trade agreement. In either case, the UK steering committee on EFTA felt, that from the Irish viewpoint, the purpose of such a bilateral meeting was 'likely to be one of presentation rather than one of substance'. However, according to the steering committee, such a dialogue would 'serve little useful purpose if it were devoted to a review of the Trade Agreement'. Indeed, it is instantly discernible from this report that consideration of the Irish, though a burden, was not going to influence radically the course of action taken by the UK government in the EFTA negotiations or in further Anglo-Irish meetings.¹²⁰

Critically, the UK Department of the Treasury again remarked that

there was a special problem regarding Ireland's non-participation in EFTA that was thus raised by the inclusion of Portugal amongst the Seven. In fact, it was felt that:

The Portuguese need for special terms faces us with an awkward problem. We have said that membership of the Group will be open to other countries ready to assume the full obligations. We cannot create a special position for Portugal in the Stockholm Group without laying ourselves open to strong pressures from the Peripherals – Ireland, Iceland, Greece and Turkey – to participate also, on the same or even laxer terms. (Ireland is already much concerned about participation, not because she has any economic interest in doing so, but for political reasons, i.e. explaining at home why she is out if Portugal is in.) Whilst these pressures might not be impossible to manage if it were a question of permitting or refusing accession or association after the Stockholm Convention had been signed, to admit any one of the Peripherals to the negotiations would be a serious handicap and to admit all of them, including Greece and Turkey, would be intolerable.

Accordingly, in coming up with a general escape clause from this 'intolerable' position, one formulated to pacify Portugal, the Treasury noted that it was most unlikely that, with the possible exception of Ireland, other peripherals could actually take up these terms. As this escape clause was only being couched in sweeping terms, it would thus be possible to resist pressure for any laxer interpretation to be conceived. Of course, it was fully realised that:

If Ireland applied for association [with EFTA] on these terms after signature of the Convention, we should have no reason to refuse.

The idea behind this formulation, however, was to keep all the peripherals out of EFTA.¹²¹

The one exception to this rule was, perhaps, going to be Portugal, which alone was to have a special position devised for it. In this case, although it would clearly prove to be difficult to implement, it was felt that it should be made harder for the 'infection of Portugal' to spread towards facilitating other OEEC members to join EFTA. Obviously, there was always the option of Portugal signing a separate treaty, in which case there would be 'little difficulty' in accepting Ireland on the same terms. Nevertheless, the UK Treasury clearly felt that the government could drop Portugal from the EFTA picture altogether, a choice which presented no difficulty at all *vis-à-vis* the peripherals and which, at the same time, had the added bonus of instantly removing any political difficulties that might potentially be created by the

Irish.¹²² It was quite clear that Dublin would take some convincing on the matter.

The UK Department of the Treasury followed up this assessment with other specific references to the Portuguese problem which continued to have a crucial bearing on Ireland's position. One report, further indicating the relative importance of the Portuguese question in the wider concept of EFTA, stated that:

... the membership of the Group so far has been described as being limited to countries which were willing to accept the full obligations from the beginning. This has been the basis on which the peripherals have been excluded. Had either the Greeks or the Turks been allowed to come in ... there can be no doubt that the work would have been less far advanced and a great deal of time would have been wasted ... It is almost certain that ... Ireland could not accept the obligations which it is likely Portugal will accept ... Ireland has really no economic interest in being a member of the Stockholm Group; she already has free access to the main market, the United Kingdom, and membership of the Group would oblige her in time to take down her own tariff against U.K. goods ... But the problem ... is at the moment not primarily economic; it is political ...¹²³

The basic hub of the matter was evidently understood by the UK. For the Irish government, exclusion from EFTA had become a political, rather than an economic, problem.

Therefore, despite the debate that was going on within the UK government, the Irish obviously felt that the time had come to move things along. As a result, Hugh McCann, the Irish ambassador in London, delivered an Irish government *aide-mémoire* dated 26 June 1959 to the UK Commonwealth Relations Office; the latter, it has to be remembered, still dealt with Ireland rather than the UK Foreign Office. In fact, Dublin handed similar documents over to the other members of the Six and the Seven. London's immediate reaction was that most of the Irish proposals outlined in the *aide-mémoire* would actually make 'no practical difference' in the treatment accorded by the UK to imports from Ireland and that, as far as it was concerned, only one part of the *aide-mémoire* really 'bites' and that this would have to be actively considered. The paragraph of the document in question read:

As an interim measure and pending the negotiations of a multilateral association comprising all member countries of the OEEC, which would precisely define Ireland's obligations concerning the reduction and eventual elimination of trade barriers vis-a-vis other OEEC countries, the members of

the European Economic Community and the members of any other grouping which may be formed by other OEEC countries should, without obligation of reciprocity, extend to Ireland the benefit of tariff reductions and quota enlargements made in favour of one another.

The Commonwealth Relations Office reported that the Irish ambassador had explained that the philosophy behind this initiative was simple. Indeed, it was the intention, in principle, of the Irish government to join any FTA of the Seventeen which might be negotiated and, therefore, that this desire, as stated in the *aide-mémoire*, might provide a basis for acceptance of what they considered to be a genuine proposal.¹²⁴

The Irish ambassador was reported as saying that it was his belief that Irish goods were in fact receiving the benefit of tariff cuts made by the Six on 1 January 1959 that had been extended to other members of the GATT, although, as he pointed out, Ireland was not a member of either organisation. The UK government had, at this point, given no particularly deep thought to the question of extending the benefit of tariff reductions due to be introduced from 1 July 1960 to other OEEC or GATT members, primarily because it would only weaken the bargaining position of the Seven in relation to the Six. Indeed, it was stated in the UK departmental secretaries report that it could be 'difficult' to reconcile any extension of these tariff cuts to Ireland considering not only the GATT position, but knowing that Ireland would have 'difficulty ... in declaring any intention of joining the Seven'. Nonetheless, McCann concluded by saying that the Irish government was still owed a reply to its proposal that a trade delegation might come over to London for talks during the course of July 1959. Indeed, the Irish were treating the situation so seriously that it was said to be wholly conceivable that the taoiseach himself might possibly be able to participate at the meetings.¹²⁵

In the days ahead, a flurry of urgent Anglo-Irish communications on Ireland's trade with Europe followed and the meeting between their bilateral representatives duly took place on 13 July 1959, giving both sides the opportunity to detail their relative positions.¹²⁶ At the meeting, those present included the taoiseach, Seán Lemass, the Irish agriculture minister, Patrick Smith, and the Irish industry & commerce minister, Jack Lynch, as well as diplomats and departmental secretaries that consisted of Hugh McCann, J.C.B. MacCarthy, J.C. Nagle and T.K. Whitaker. Rather a high-powered Irish delegation it must be said for a simple and hastily arranged bilateral meeting. It is worth exploring this encounter in some detail, however, as it demonstrated both the progression of Dublin's thinking on European integration and the role that the UK government was playing in that context.¹²⁷

In opening the exchanges, Lemass let it be known that there was a lot

of 'anxiety' in Ireland about the division of Europe into two distinct trading groups, neither of which the Irish government expected to be able to enter 'with advantage'. Indeed, the Irish delegation made it clear that they feared that they might subsequently find not only some European markets closed off to Ireland but also their main market in the UK restricted. This would be especially painful at a time when expansion of Irish agricultural and industrial production and trade was becoming increasingly vital if Ireland was ever going to see its standard of living raised so that it could come more closely into line with that of the rest of Western Europe. The new taoiseach held that the expansion of trade that was necessary for Ireland could only come from trade with the UK, as continental Europe was not as yet an important Irish export market. In this regard, the Anglo-Irish trade agreement of 1938, which had essentially been based on the principle of mutual preferences being exchanged, had lost much of its value to Ireland because of the twin reasons of a 'fall in the value of the preferences expressed in cash terms' and because of the UK's agricultural support policy. The obvious implication was that the UK's proposed agreement with Denmark threatened only to reduce the value of this trade agreement even further. Lemass duly went on to suggest a solution to this problem. Indeed, he was paraphrased as saying that what Ireland really want was:

... to explore, in informal discussions, the possibility of putting trade between the two countries on a new basis that would offer the Irish Republic an assured market and reasonable price stability for their exports, especially of agricultural products, in return for concessions in favour of the United Kingdom manufacturers.

What this actually boiled down to was the suggestion that a new price for Irish agricultural products should be set somewhere between the UK domestic price and the contemporary Irish export price. In return, as a kind of economic *quid pro quo* for the UK, the Irish delegation offered increased preferences. At that moment in time, however, the Irish were particularly concerned that the question of further bilateral discussions should be agreed to in principle. Meanwhile, Lemass indicated that he would request that the UK government should avoid any general or specific commitments being made to EFTA that would preclude recognition of the existing and future 'special Anglo-Irish relationship'.¹²⁸

In reply to the Irish delegation, the UK President of the Board of Trade, David Eccles, went on the offensive. He said that he understood the Irish position perfectly and, in fact, fully appreciating their difficulties, but stated that the UK already gave British Commonwealth treatment to Irish

goods, as well as giving subsidised prices for Irish store cattle and sheep. Indeed, he felt compelled to ask: 'What more did Mr. Lemass think we could do?' It was becoming evident that the Irish government seemed to be asking the UK either 'to subsidise their domestic price level or perhaps to join them in some form of bilateral Free Trade Area'. However, the Irish continued to impose high tariffs against UK goods and, therefore, one of the questions that the UK was asking was: 'Would they be able to reduce them?'¹²⁹

In turn, the taoiseach replied by saying that the Irish government was not seeking any advantages for which it was not prepared to pay, but that as Ireland was not a member of GATT it was able to think much more in terms of a bilateral solution to its trading problems. In this context, C.J.M. Alport, minister of state at the UK Board of Trade, said that:

... he recognised and sympathised with the difficulties which the present situation held for the Republic but Mr. Lemass seemed to have proposed something wider than a renegotiation of the existing Agreements. While we must recognise our long standing special arrangements with the Republic of Ireland we also had to take into account how any wider arrangement would affect our commitments to Commonwealth countries.

To this intimation, which took place at a momentous meeting in which the taoiseach flew many economic and political 'kites' containing radical new ideas for further consideration by the UK, Lemass made an historic statement when declaring that he was indeed thinking of something more far-reaching than a new, enhanced Anglo-Irish trade agreement. In reality, what he actually had in mind was the 'movement towards the integration of the Irish and United Kingdom economies'. Not entirely surprisingly, Eccles replied that this suggestion raised 'great difficulties'. Indeed, he stated that, although the British Commonwealth could not expect the UK to reduce its own food production, they had a reasonable expectation that it would stay at its then level and added that there was not much room for any increase in consumption. The President of the Board of Trade then stated that, if the UK government was to offer any further advantages to anyone in its market, the question immediately arose as to whose expense such a new arrangement would be.¹³⁰

Lemass admitted that the Irish government had not as yet attempted to formulate its ideas on an Anglo-Irish FTA in detail, but that they would be prepared to do so if there was some willingness from London to accept the principle which had just been put forward. He tried to make it clear to the UK delegation that the Irish government did not, in fact, desire an arrangement which would give Irish farmers access to the UK market at UK prices, indeed this would not suit Irish subsidy arrangements. What he did want from London

though was something more along the lines of an intermediate price being set up with a greater degree of stability tied into it. The Irish ambassador added the view that any change in the Anglo-Irish trading situation was, of course, bound to be at the expense of somebody, just as the projected EFTA arrangements would indisputably be for Ireland. Lemass then continued with his original line of argument by saying that Ireland had considered some means of diverting trade to the UK at the expense of others, that some Irish industries were 'feather bedded' and that the Irish government would consider dismantling some of its complex set of protective tariffs, but that any arrangement such as an FTA would have to be a 'very long term affair'. Indeed, the taoiseach said that he hoped that the Irish market for UK goods would actually expand with a growth in Irish prosperity.¹³¹

Alport then asked him about the agricultural goods in question that were of particular interest to Ireland, to which Lemass replied store cattle and sheep, milk and eggs. The taoiseach then came back to the heart of the matter by requesting that London secure a general clause within EFTA to make it possible for the UK to join, subject to a special arrangement also being constructed with Ireland. Not unexpectedly and rather understandably, the UK deputation replied that its government 'could not keep open a position in which we were committed to give any other country better treatment than we were offering to members of the Group'.¹³² Dublin had received its answer; EFTA was going to become a reality, but a crucial question was still left hanging: what would become of bilateral trade?

During the course of the meeting, Lemass had changed the subject to Northern Ireland and had unequivocally stated that he was ready to consider any new Anglo-Irish arrangements which would help Northern Ireland. To this statement, Eccles replied that there clearly were 'special problems' for the Westminster government in relation to Northern Ireland. However, the taoiseach said that the Irish government 'was not averse in principle from a special regime for Northern Ireland products being arranged, possibly in separate talks'.¹³³ This issue was only skirted over though and was separate to the central message from the Irish deputation. Eccles, in concluding the morning meeting with his Irish counterparts, said that he felt that further consideration of all the various ideas put forward was needed, a sentiment to which Lemass acquiesced. The taoiseach felt though that the two sets of officials should be given an overriding directive, one enabling them to think in wider terms than just considering an adjustment to existing Anglo-Irish trade agreements.¹³⁴

When the Anglo-Irish meeting reconvened, Eccles said that after subsequent talks with the UK Chancellor of the Exchequer, the UK contingent

now felt that it should be quite clear that if asked publicly whether the possibility of extending the benefit of UK agricultural subsidies to Ireland had been discussed in these bilateral trade meetings that he would have to say that it had not. Lemass concurred. Nevertheless, the taoiseach also agreed that the Irish side would prepare detailed proposals for their UK counterparts to consider at a later meeting and that in the meantime there would be further high level meetings of officials to examine trade and economic problems of mutual interest. The whole question of Anglo-Irish trade was becoming inextricably entangled up with European integration, tying in with the central argument regarding the crucial importance of bilateral relations in particular, as well as economics in general, to Irish attitudes towards Europe.¹³⁵

At a meeting of the UK cabinet steering committee on EFTA, held the following day 14 July 1959, the central item reviewed was a progress report on the Stockholm negotiations; however, the talks with the Irish deputation were also raised. It was duly stated that, in his discussions with the UK President of the Board of Trade, Lemass had confirmed the previous day that Ireland was 'distressed' at the prospect of two trading groups in Europe being formed, to neither of which Ireland belonged. Furthermore, it was reported that:

[The Irish] were not anxious to join the Seven and did not press to be allowed to take part in the forthcoming discussions at Stockholm, but the establishment of the Stockholm Group would mean a serious loss of preferences on their exports of industrial products to this country while they believed that their agricultural exports had been endangered by the Anglo/Danish agreement. The Irish Ministers had talked in terms of economic integration with this country, and were prepared to offer us substantial concessions on industrial trade; but since we already gave the Republic of Ireland free entry both for agricultural and industrial products there was little that we could offer them. In discussion, reference was made to the Anglo-Irish Economic Committee which was being set up as a result of the recent discussions – albeit with little Irish support – and the Irish Ministers had undertaken to produce a paper within a fortnight setting out their proposals. It appeared that they wanted to receive the benefit of the agricultural prices given to our home producers and they might suggest that in return they should give us preferences in their market and instruct their state undertakings to buy British products, but these suggestions would be embarrassing in view of our relations with other countries. They might also suggest the establishment of a free trade area covering Northern Ireland and the Irish Republic.

In addition, the *aide-mémoire*, which the Irish government had previously sent to the Six and the Seven, was first reported by the Irish to have been received

'not unfavourably' by some countries. Nonetheless, the basic UK government view was that it had explained to Ireland that the UK was already giving it free entry for its produce and that the UK could not then press other countries within or without the Seven to make the concessions for which they now asked.¹³⁶ Indeed, J.C.B. MacCarthy, Department of Agriculture secretary, was correct when he wrote that no OEEC country had given the Irish government 'any real grounds for hope' with regard to its request in the *aide-mémoire* for FTA concessions. In fact, he admitted that there was actually 'no prospect that the principle of our request will be conceded'.¹³⁷ The Irish government was understandably in a distinct quandary as to how to proceed.

The critical point that this chapter reveals was the UK government's determination to keep Ireland outside of EFTA. Indeed, the fact that the Irish were themselves extremely hesitant about joining this European trading bloc remains relatively irrelevant. Ireland was expressly excluded from the EFTA negotiations for two not unrelated reasons: firstly, because the UK government wanted to protect its Anglo-Irish agricultural preferences and did not want an agricultural FTA anyway; and secondly, because the UK did not want Ireland or any of the other peripherals to delay the negotiations process for an industrial FTA through the utilisation of tactics aimed at achieving economic concessions. Ireland was not even allowed to observe the EFTA negotiations at first-hand and thus had to rely primarily upon the UK government for information on the progress and substance of the discussions.

It is interesting to note that by the end of July 1959, the UK Foreign Office recognised that the decisions that were being taken at the EFTA negotiations raised three separate, but immediate, problems in relation to the peripherals and Finland, which were in assessing:

- what information was to be given to the peripherals and Finland about the outcome of the EFTA meeting then taking place;
- what arrangements were to be made to afford facilities to the Finns to follow further discussions on EFTA more closely;
- what arrangements would have to be made to enable the peripherals to follow the forthcoming EFTA negotiations.

Of these difficulties, only the first and the last obviously applied to Ireland. However, it can also be deduced from this analysis that Ireland was not being seriously considered within the EFTA context by the UK government or by any of the other EFTA members. Therefore, the question facing the Irish was: where did it go from here in terms of European integration and what did the future hold for the economy in a Europe at 'Sixes and Sevens'?

Ireland in a Europe at 'Sixes and Sevens'

Ireland had suddenly entered into a period of dramatic change, both in the internal and the external arena. In the realm of domestic politics, the summer of 1959 is viewed as a critical turning point in the political development of the country. The decision by Éamon de Valera to resign from 'active party politics' in June 1959, with Lemass subsequently taking over as taoiseach, is rightly regarded as having released a governmental log-jam that had heretofore clogged up Irish political life and had kept it enclosed in some form of national economic, political and social time-capsule. Even though Lemass was from the same political epoch as de Valera – that is Irish civil war politics of the early 1920s – and although he came from the same political party, the former immediately appeared to belong to a different generation in terms of political outlook; this became especially apparent once he came to power.

De Valera himself went from the post of taoiseach to the Irish presidency in a matter of two days, in turn replacing Seán T.O'Kelly, after being inaugurated on 25 June 1959; he had beaten the opposition candidate, Seán MacEoin, by 538,003 votes to 417,536 in the Irish presidential election which had been held a week previously. As Uachtarán na hÉireann (the Irish president), de Valera played a more minor role in Irish political affairs during the next decade and beyond. Significantly, however, the day of the presidential election was also the date set for a referendum on the future of the electoral system of proportional representation. Previously, in March 1959, Seanad Éireann (the upper parliamentary chamber) had for the first time in its history rejected an Irish government bill, because the government wanted to abolish proportional representation in favour of a first-past-the-post electoral system. After the bill became law three months later, in accordance with Irish legislative procedure, the referendum that had to be held to change Article 23.1.2° of *Bunreacht na hÉireann* was set for 17 June 1957 in order to coincide with the Irish presidential election. Although de Valera was elected as Irish president for a term of seven years, the Fianna Fáil sponsored referendum failed. The majority of the voting population had seen through the electoral ruse and as a result forced the political establishment to take direct, but accountable, responsibility for the future of their nation. So, if this was what was happening on the domestic front, what was happening to Ireland on the political level in the context of the wider world?

J.H.Whyte has said of Lemass that he possessed a 'critical, questing mind, continually re-examining old assumptions and looking for better ways to

do things'.¹³⁸ Indeed, under the new taoiseach, an inventive and vibrant political elite emerged in Ireland, comprised of young, energetic and ambitious politicians who brought a sense of innovation to Irish life and politics. At the end of the 1950s, a long overdue generational take-over of politics had taken place. Nevertheless, this does not suggest that Ireland's exclusion from EFTA membership was a precipitating factor in this development. However, Ireland's continued growth in the international sphere is indicative of the different direction being taken and nature of politics, both at home and abroad, from this point in time.

The changing realities of a new European military and trading situation that faced the country were mounting.¹³⁹ As the 1960s dawned, there were two main sets – one political, the other economic – that demanded consideration: (i) NATO, depicting security; and (ii) the OEEC, representing trade.¹⁴⁰ If it was going to survive as a dynamic and legitimate political entity, Ireland was going to have to escape from its position of economic dependence on the UK and, at the same time, reverse its peripheralisation from the European economic mainstream. With these twin impressions of Ireland firmly in mind, it seems more than an accident that, just after it had been left outside of EFTA, the government made strong moves towards the establishment of diplomatic relations with the EEC. Indeed, one of the more important results to emerge from its exclusion from EFTA was the fact that, on the question of European integration, Ireland was then forced to turn to the EEC as a consequence and to effect beneficial and constructive relations at a bilateral level. Therefore, one of the first real moves in this innovative external economic reorientation was – as Patrick Keatinge has pointed out in *The formulation of Irish foreign policy* – the formal opening of Ireland's diplomatic mission to the EEC in December 1959, a development which was in fact originally combined with its mission to Belgium in Brussels.¹⁴¹ Once again, an advance in foreign policy could only take place after an intense period of internal Irish government consideration and debate; angst regarding the implications, mainly pecuniary, was eventually overcome.

On 2 July 1959, the Department of External Affairs was informed by the UK embassy in Dublin that the UK government had decided to establish formal diplomatic relations with the EEC. Up to this point, the UK had only had a diplomatic representative accredited to the ECSC and to Euratom, with a member of that particular diplomat's staff then informally responsible for keeping in close contact with the EEC. The Irish government was thus told that an informal approach was being made by the UK to see whether the Six would actually be 'favourably disposed' to the establishment of formal relations between the UK and the EEC.¹⁴² Fully briefed on this matter by his

departmental secretary, Maurice Moynihan, the prime minister therefore 'raised the question whether we should approach the E.E.C. Council of Ministers with a view to the establishment of diplomatic relations between this country and the Community'. Obviously, the new taoiseach was particularly interested in having other views such as those of his foreign minister, Frank Aiken, on the issue, but this was to be one of the last instances in which the latter played any significant role in the course of Ireland's European integration. From that point onwards, Lemass began to take this responsibility more fully upon himself rather than depending on Aiken.¹⁴³

The UK government duly made its approach to the EEC Council of Ministers to find out whether there would be any objection from the Six to full UK diplomatic accreditation. Indeed, the Irish embassy in Brussels was able to inform the Department of External Affairs that this matter would probably be decided upon by the end of July 1959. In fact, it was also reported that the Austrian government would probably accredit a representative to the EEC in the near future and, furthermore, that although a final decision on the subject had not yet been taken by the Swiss authorities, it was understood that a similar appointment would also be made by them within a fortnight.¹⁴⁴ Knowledge of this state of affairs followed a series of reports from Irish diplomatic missions abroad regarding representation to the EEC. One stated that there was every indication that, with Denmark – though one of the Seven – already having accorded a representative to the Six, 'all seven may soon agree to have representation [in Brussels]'.¹⁴⁵ As a result of this information, Lemass became ever more anxious to hear the views of his foreign minister as to whether Ireland should establish diplomatic relations with the EEC or not. Indeed, he considered having this decision announced in the course of a debate in Dáil Éireann that was due to begin on 21 July 1959, as it gave the his government the ideal opportunity to signal its 'intention to take the necessary steps with a view to the accreditation [sic] of a representative to the Community'.¹⁴⁶

After an interminable two week wait, Lemass was finally told that Aiken could see 'no objection' to the taoiseach announcing that it was the intention of the Irish government to take such steps. The Irish foreign minister informed Lemass that four states had already accredited diplomats to the EEC, that is Denmark, Greece, Israel and the US; at this point, the UK decision to accredit a representative to the EEC had only reached a preliminary stage. Moreover, Aiken stated in his memorandum that the remaining members of the Seven would quickly follow suit and that a definite decision was due. Of course, this would leave Iceland, Ireland and Turkey as the only OEEC countries without diplomatic representation to the EEC; but, why should the

government have been so intent on considering the question of whether to have a representative accredited to the EEC? Importantly, Aiken considered that:

... particularly from the point of view of the desirability of being kept informed about the policy of and developments in the Community, e.g. on agriculture, it would be advisable for us to approach the Council of the E.E.C. with a view to the establishment of diplomatic relations.

His memorandum continued by reporting that Ireland's ambassador in Brussels had already established informal links with the EEC, but that it was considered by his superiors that the 'necessary steps should be taken with a view to the accreditation of the Ambassador as our representative to the Community'.¹⁴⁷ However, it was decided to raise the matter informally in cabinet before finally deciding whether or not to go ahead with the idea.¹⁴⁸

On 21 July 1959, the Irish cabinet duly met to discuss the issue of diplomatic relations being formally opened with the EEC. The decision was made for the foreign minister to take the necessary preliminary steps to establish ties.¹⁴⁹ Thus, Lemass delivered a statement in Dáil Éireann to the effect that while the establishment and the gradual growth of the EEC, together with the emergence of a plan for the initiation of a smaller seven-nation FTA, had created problems for Ireland, he thought that it was desirable that the seriousness of the situation should not be exaggerated. In truth, he said that it was a situation over which the nation as a whole needed to ponder calmly and objectively. The taoiseach went on to state unequivocally that the evolution of the economic situation in Europe 'may well offer us new opportunities as well as new problems'.¹⁵⁰ Optimism was tempered with realism.

Indeed, Lemass generally kept his remarks upbeat and positive by commenting that Ireland still had recourse to bilateral trade agreements with EEC member countries; in fact, the only country with which bilateral negotiations had actually failed that year was France and even this anomaly, he said, would possibly be rectified by 'further diplomatic approaches'. Pivotaly, he added that the Irish government's policy in relation to negotiating bilateral trade agreements with EEC member states was essentially driven by 'opportunity', that is when it was considered that such agreements would serve Ireland's essential interests by assisting in the expansion of its total agricultural and industrial exports.¹⁵¹ According to the taoiseach, the economic outlook might not be so bleak after all. In fact, on another occasion, Lemass stated with regard to Ireland's economic situation with the Six that, as far as the government understood the position, the EEC would not begin to undertake formal trade negotiations on behalf of the Six for some time to come.¹⁵²

Privately, however, the Department of External Affairs foreign trade committee viewed the government's bargaining power with respect to the negotiation of trade agreements as 'virtually a farce' because Ireland had, for the most part, globalised quotas and thus had little room for manoeuvre economically. Indeed, in relation to the rest of Europe, Ireland was, with the exception of its trade with Spain, already in a negative trading position. In 1958, for instance, its trade deficit with West Germany was at a ratio of nearly 3:1, France and Italy at over 3:1, Belgium and the Netherlands more than 3:1 and 4:1 respectively, Sweden at over 5:1, Denmark at 21:1, and Finland at 33:1.¹⁵³ Additionally, it was known that, in the very near future, there was the virtually assured prospect that there would be collective negotiations with the Six through the EEC, a revolution in European trade practices.

With all these considerations in mind, it comes as no surprise that the government proposed to open discussions with the EEC Council of Ministers with a view to establishing formal diplomatic relations just as other countries had done or were about to do.¹⁵⁴ It had become imperative to avoid isolation, although that does not mean that it was not considered. An indication of the striking consequences of the division of Europe into separate economic blocs was that serious consideration was given to the idea of Ireland actually leaving the OEEC if the Irish government chose to continue to pursue a foreign policy of bilateral trade agreements and OEEC obligations prevented it from doing so. The government was in a peculiar dilemma as to how to proceed.¹⁵⁵

On 31 July 1959, the Irish ambassador at Brussels finally made the necessary approach to the EEC Commission president to seek the establishment of diplomatic relations.¹⁵⁶ It was only in early October 1959 though that the EEC agreed to the opening of formal relations with Ireland. In fact, as this arrangement involved the designation of an Irish representative to the EEC – indeed, because no reciprocal provisions were established when dealing with other similar organisations such as the UN, the OEEC, or the Council of Europe – it was proposed that the task of taking on the job should fall to Denis MacDonald, the Irish ambassador to Belgium.¹⁵⁷ The issue of appointing a representative to the EEC finally came to the Irish cabinet for a decision on 13 October 1959 and, as a result, MacDonald became Ireland's first ambassador-designate to the EEC.¹⁵⁸

Thus, on 3 December 1959, Con Cremin, the Department of External Affairs secretary, confirmed that MacDonald's appointment had been accepted by the EEC. In informing the government about this decision, Cremin also included a statement on the appointment for release to the press, because the taoiseach had indicated that 'he would like a certain amount of publicity to be given to the appointment'. The proposed statement said that MacDonald had

been appointed to the EEC while retaining his duties as Irish ambassador to Belgium, a post to which he had been attached since the beginning of the year. It also stated that:

Ireland has important trade connections with these six countries. In 1958 exports to them were valued at £6.1m. (or approximately 5% of total exports), and imports at £22.1m. (or approximately 12% of the total). It is, therefore, desirable that this country should be in a position to obtain information about the policies adopted by the Community towards outside countries. The existence of formal relations should, furthermore, enable the Government to be kept informed of the trend of thought within the Community in regard to a wider trade association of members of O.E.E.C. Other countries which have established diplomatic relations with the European Economic Community are Austria, Denmark, Great Britain, Greece, Israel, Japan, Norway, Portugal, Sweden, Switzerland and U.S.A.

It was noted that MacDonald was due to present his diplomatic letters of credence to the EEC Commission president, along with five other new diplomatic representatives to the EEC, on 15 December 1959.¹⁵⁹ Ireland now had direct access to the EEC and, from this point, could only be limited by the imagination of the government and its representatives.

It must be said that the appointment of an Irish ambassador to the EEC was one of the most significant developments in the history of Ireland's integration into European affairs. It may not have been one of the most spectacular events, but it was a move that was highly charged with symbolism and one which eventually had important consequences. For instance, Dublin was henceforth kept fully informed of developments in the EEC on subjects such as the Common Agricultural Policy (CAP). In addition, as a result of the constant stream of information emanating from the Irish embassy in Brussels, the government was also fully alert to the evolution of the EEC membership process, so that by 1961 Ireland was in an informed position to decide on whether or not to apply. Indeed, the promise of constant interaction at this diplomatic level thus had a constituent part to play in the government's ultimate decision to seek full EEC accession.

In the meantime, the official position regarding EFTA hardened somewhat. While the Dublin government was in fact prepared to consider participating in an OEEC-wide trading agreement, it was made abundantly clear to Western Europe that Ireland would only be able to do so if the 'special circumstances' of its economy were taken into account. Otherwise, the government did not feel called upon to take any steps designed to encourage renewed FTA negotiations. Indeed, as a result of the FTA negotiations

process, the Irish government realised that when it came to applying to join the EEC it would not be able to maintain the high-powered negotiating position that it had previously held with any conviction, especially regarding the propensity of this tactic to garner results. At least there was also the realisation that Ireland would actively have to pursue a policy in the future of reducing tariffs if it was going to be in a position to join.¹⁶⁰ This view was endorsed by officials at the Department of Industry & Commerce, who for their part perceived 'little case for contemplating joining the Outer Seven', even if the latter did announce its determination to establish a multilateral association between OEEC countries which would remove trade barriers and promote closer economic cooperation.¹⁶¹ Full EEC membership for Ireland was another matter altogether.

Intermediate conclusions

One of the principal purposes of this chapter has been to act as a comprehensive introduction to the heart of Ireland's EEC relations in these early formative years of European integration; as was already outlined, the next chapter – entitled *Ireland's first EEC application, 31 July 1961* – concentrates on the Dublin government's decision to apply to join the EEC for the first time. In doing so, it argues that the realities of the economic situation facing the government forced certain economic and political consequences to be accepted and sanctioned at this point in time, that this is what European integration really meant for Ireland.

The stark choices facing the Irish government regarding the country's future policy towards the EEC and EFTA, that is the pros and cons of membership in either or both groups, were succinctly put by Garret FitzGerald, one of the more informed commentators on Ireland and the question of European integration, in March 1960. He felt that Dublin obviously had to reckon the economic and political balance between staying out of EFTA or had to make a serious and concerted effort to join. There were two considerable arguments against the idea of accession, with FitzGerald noting that:

- in reality, EFTA membership for Ireland would bring 'few tangible trade advantages', firstly because of the various Anglo-Irish agreements that continued to protect Ireland economically and secondly because of the relative lack of importance of the other EFTA members to Ireland in terms of foreign trade;

- there was also the fact that EFTA was already being dwarfed by the EEC, both in economic and political terms, with the latter's attempt at integration enjoying the considerable support of the US government.

There were, of course, other arguments which did the opposite and favoured membership of EFTA; according to FitzGerald, the most important of these were based on the belief that:

- otherwise it would isolate itself from one of the foremost economic developments in European history and risked the prospect of its non-participation in any future EFTA negotiations with the EEC;
- EFTA membership would actually force Ireland to reduce its tariffs, which would be quite painful in the short term but would be extremely beneficial in the long run, especially as tariffs would have to go at some stage anyway if it was to move towards full membership of the EEC.

As a matter of fact, government policy was slowly coming to view participation in a regional economic grouping as a necessity, but it was equally obvious that such a move would have to be coupled or tied in with improving Anglo-Irish trade relations.¹⁶²

A relatively dispassionate assessment of the destination and origin of Irish exports and imports, as well as their composition, has proven to be a very useful tool for inquiring into whether there was a changing pattern in Irish attitudes towards Europe at the earliest stage of this analysis. New export markets were continually being sought by the government in Dublin – primarily in Europe and the US – but, because the UK has always been Ireland's most important market, accounting for what can only be described as a disproportionate and economically unhealthy dependency, previous Irish governments which had tried to wean exporters off the UK market had done so with varying degrees of success and sometimes none at all. Indeed, the process of redirecting Irish exporters attention towards these new trading destinations was taking a considerable period of time to impact. All the same, Ireland was at least exercising its right to, and furthermore recognising the power of, importing goods from further afield than the UK, particularly as the need to import foreign technology gained increasing importance both in terms of percentage and volume of product. The relative imbalance between Irish exports to, and imports from, the EFTA countries – 1% and 5% of its respective totals – thus became a major concern in relation to the FTA negotiations. The lack of any real opportunity for trade reciprocity with

EFTA's members essentially made the UK's position the main concern for the Irish government.¹⁶³ The fact remained that the UK market was by far and away Ireland's most important economic consideration in any terms, including European integration. Ireland remained a peripheral European economy tied into a relationship of dependence with the UK.¹⁶⁴ Of course, this does not suggest that Ireland was an underdeveloped country, but it is difficult to argue that it did not display the classic characteristics indicating a highly dangerous lack of diversity and an exuberant propensity towards reliance on one predominant economic outlet and source.

In truth, the central argument in this chapter gives further credence to the view that Ireland was inextricably influenced by the economic and political actions and activities of the UK government, indeed by similar pressures – from the EEC for instance – on the UK. When the option of joining EFTA was denied to Ireland by London in May 1959 – albeit for its own reasons, such as its desire to protect the free-flow of cheap agricultural imports and a lucrative export market, as well as its wish to confront the EEC with a coherent alternative organisation – the Irish government, though initially infuriated and alarmed about its future prospects, was also given an opportunity, that is the freedom to act upon its own economy, not as it saw fit, but as economic survival dictated. The need to diversify markets was plain to see, as was the need to improve and vary domestic produce. What had been lacking more than anything in Ireland was the imagination, coupled with the impetus, for change. The creation of the EEC and then EFTA proffered the necessary stimulus to the Dublin government for the ready and serious enactment of an economic reformation.

A notable exception to those historians who have examined this period and ignored the importance of EFTA to Ireland is J.J.Lee; in his *Ireland, 1912-1985: politics and society*, he has viewed the formation and development of both the EEC and EFTA as having offered both opportunities and having posed threats to the Irish economy. Indeed, he has written:

The scant sympathy shown by members of EFTA towards Irish demands for 'special treatment' carried the warning that a supplicant posture was unlikely to win concessions. Lemass held that once Britain applied for membership of the EEC, Ireland's dependency left her with little option but to follow suit, whether she liked it or not ... Lemass ... though as ignorant of European cultures as the majority of his countrymen, came to increasingly convey the impression that he relished the prospect of EEC membership.¹⁶⁵

As has been suggested, EFTA, while not giving Ireland the opportunity to join, did not meet its specific needs anyway. The government wanted a loosely

organised free trade area which took special regard for Irish agricultural produce, while enshrining a transitional period for industrially retarded countries to catch up. EFTA was not the organisation that Ireland needed or wanted to join. Indeed, this was the most significant difference between EFTA and EEC membership because it is true to say, as Brian Girvin has, that 'in the former agriculture was not in question for Ireland and therefore it had been government policy to pursue the effective protection of existing Irish industry'.¹⁶⁶

However, when it came to the EEC, the only valid conclusion that can be drawn from Irish policy is that this possibility entailed taking the economy as a whole into account and not just one sector; both agriculture and industry had to be taken into full consideration. The point being made is that Ireland had not just been given the incentive for economic change by the various developments in Europe; in fact, it had also been shown the virtual necessity of doing so. Any country with exports equivalent to *circa* 36½% of its GDP, as Ireland had at this time, places itself in a dangerous economic position, allowing an invidious dependence on the whims of the international marketplace, with the domestic economy often suffering accordingly as a result.¹⁶⁷ The direction and composition of Irish trade, as well as its overly protective nature, had to be transformed as an economic prerequisite if Ireland was going to reorganise itself economically. European integration offered Ireland this possibility.

In February 1960, the taoiseach travelled to London in order to seek an adjustment to Anglo-Irish trade so as to gain recognition from the UK of the invidious position in which Ireland was finding itself. The subsequent signing of a new bilateral trade agreement two months later – after a lengthy and strained period of negotiations in which Dublin failed to make the kind of economic progress that it really desired – at least gave the Irish government some respite from having to make far-reaching or fundamental decisions about its future role in Europe.¹⁶⁸ Indeed, Ireland's relations with the GATT and with the US are evidence of this economic phenomenon. The government had not been prepared to take part in the GATT negotiations of the mid-1950s, mainly because it was felt that its participation in any OEEC developments that took place would ultimately fulfil any necessity to eliminate undesirable or incidental trade barriers.¹⁶⁹ As a consequence, it managed to bypass the whole issue of GATT participation until its inscription to this global trade organisation began to become unavoidable. As a future GATT member – although that was not for some years to come – it was felt by J.C.B. MacCarthy, secretary at the Department of Industry & Commerce, that at least 'Ireland could be selective about the concessions we would negotiate

on a reciprocal basis'. In his opinion, EFTA was offering less and less to the country; indeed, he felt that membership would mean 'throwing away tariff and quota concessions for nothing to the British'.¹⁷⁰ As was the case with the EEC and EFTA, Ireland was prepared to explore the possibility of its accession to GATT, but also wanted to keep its Anglo-Irish trade preferences alive.¹⁷¹ Equally, the US was not only becoming a more important market destination, but it was also becoming a major source of technological and manufactured goods for the country. However, Ireland was dwarfed by the US and was not in a position, it was felt, to expand this bilateral economic relationship in any meaningful way. Overall, therefore, the economic route that was beginning to look most promising, outside of the ever-present system of Anglo-Irish trade arrangements, was the EEC.

At the very least, it can be said that the changing orientation of the Irish economy was becoming rather evident; the establishment in 1959 of the Shannon Free Airport Development Company was an example of that.¹⁷² What needs to be explored in more detail at this point are the hows and the whys – the purpose of the opening parts of the next chapter – especially when political questions such as neutrality began to play a secondary role to economics in the foreign policy emphasis of the Irish government. In this period, it becomes clearer that, in regard to foreign economic questions, Lemass exercised the real control over policy direction. Indeed, on becoming taoiseach, he was slowly, but purposefully, able to redirect government policy on an issue such as neutrality, basically by making it 'negotiable'. In fact, his publicly stated opinions quickly moved beyond this position, actually in a direction whereby he was prepared to set neutrality aside as soon as was necessitated by developments within Europe. In reality, Ireland was beginning to place a certain emphasis on economic development ahead of political considerations and, by implication, upon European integration.

Notes

- 1 The Six – also known as the 'Inner Six' – refers to the EEC, the original members of which were Belgium, France, the FRG, Italy, Luxembourg, and the Netherlands, while the Seven – the 'Outer Seven' – refers to EFTA, the original members of which were Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the UK; the peripherals – the 'Forgotten Five' – refers to Greece, Iceland, Ireland, Turkey (all members of the OEEC in May 1959) and Spain. The latter is included as a peripheral despite the fact that it was outside the OEEC at that time, while Finland and Liechtenstein are usually incorporated with the Seven because of prompt developments in that direction. C.Archer, *Organizing Europe: the institutions of integration* (London: Edward Arnold, 1994), p. 177; M.Camps, *Britain and the European Community, 1955-1963* (Princeton: Princeton University Press, 1964), p. 211.
- 2 Hubert de Besche (Swedish foreign affairs deputy secretary) quoted in J.D.Brennan (Irish minister, Stockholm) to Con Cremin (Department of External Affairs (D/EA) secretary), 29 May 1959, Department of Foreign Affairs (D/FA) file D/2/3Ptl, NA.
- 3 Greenwood (ed.), *Britain and European integration since the Second World War*, pp. 84-5.
- 4 The French government's view – as stated in OEEC Working Party no. 21 (WP#21) documentation – of Ireland, 15 October 1957, D/T-S16160E, NA. The original French refers to Ireland as being amongst '[les] autres pays moins développés'. R.T.Griffiths speaking at a conference entitled *The creation of EFTA* held at the University of Oslo in Norway from 14-17 May 1992 (transcript available from the IUE).
- 5 Whitaker, *Economic development*; Irish government publication, *Programme for economic expansion*; T.W.Moody & F.X.Martin (eds), *The course of Irish history* (Cork: Mercier, 1967), p. 337.
- 6 Note that relevant events are detailed in T.W.Moody *et al* (eds), 'A chronology of Irish history to 1976', in *A new history of Ireland, vol. 8* (Oxford: Clarendon Press, 1982), pp. 436-47.
- 7 OEEC WP#13 report entitled 'Rapport Annuel 1956: Irlande – Deuxième Projet de Chapitre', 31 October 1956, CEAB 5/243/1, ACE; OEEC report, 'Irlande 1961' (Paris: OEEC, 1962), p. 2. It should be noted that the main aims of the OEEC and its participants, as outlined in French, were:
 ... à conjuguer leurs forces économiques, à s'entendre sur l'utilisation la plus complète de leurs capacités et de leurs possibilités particulières, à augmenter leur production, développer et moderniser leur équipement industriel et agricole, accroître leurs échanges, réduire progressivement les entraves à leur commerce mutuel, favoriser le plein emploi de la main-d'oeuvre, restaurer ou maintenir la stabilité de leurs économies, ainsi que la confiance dans leurs devises nationales.
- 8 J.H.Whyte, *Church and state in modern Ireland, 1923-1979* (Dublin: Gill & Macmillan, 1980), p. 359.
- 9 T.P.Coogan, *Ireland since the rising* (Westport: Greenwood, 1976), p. 104.
- 10 Whyte, *Church and state*, pp. 356-8; Coogan, *Ireland since the rising*, pp. 104-5;

G.FitzGerald, *Planning in Ireland: a PEP study* (Dublin: Institute of Public Administration, 1968), p. 41; O.MacDonagh, *Ireland: the Union and its aftermath* (London: George Allen, 1977), pp. 137 & 141. J.H.Whyte has demonstrated that Tim Pat Coogan takes 1957 as the watershed year, Garret FitzGerald prefers 1958, while Oliver MacDonagh chooses 1959. All three authors, however, agree on the nature of the change. Tim Pat Coogan says: 'In the last few years an enormous psychological change has occurred in Ireland. The conviction that things could be improved has dawned on a people conditioned to believe that they could only get worse'. In turn, Garret FitzGerald talks of the *Programme for economic development* being an 'undoubtedly ... impressive economic achievement ... a transformation of the economy of the Republic and, most important of all perhaps, a transformation of the outlook of the Irish people'. Meanwhile, Oliver MacDonagh romantically feels that 1959 signalled the end of at least one Great Famine legacy, as it 'marked a decisive change in national power and attitude ... economically it stood for a change of heart and will ... To have maintained the courses set since 1945 would have been ... ruinous ... what was achieved in 1959-72 was not merely the attainment of the first goal in a long economic race. It was also, in itself, a completed feat. For the first time in more than a century, the most powerful, that is, the retrogressive, trends in Irish social and economic life had been reversed'.

11 Maher, *The tortuous path*, p. 54.

12 OEEC WP#13, 'Rapport Annuel 1956'; *Irish Independent*, 25 January 1957, D/T-S16159A, NA. The OEEC, in its annual report from 1956, saw the UK market as the 'débouché essentiel de la production irlandaise'. Indeed, the UK was the essential outlet for Irish products. Thus, for example, whilst prices for cattle on the hoof exported to the UK were exceptionally favourable at the start of 1955, they were noted as sagging considerably in the second half of the year, primarily because of the effects of larger purchases of Argentine meat; this was noted as continuing into the first three quarters of 1956. Nevertheless, Ireland had, in many ways, maintained its own position by finding other markets. Under the provisions of certain trade arrangements dating from the 1920s, Irish cattle and sheep fattened during a minimal period in the UK benefitted from a system of price guarantees; these arrangements were extended, for a period of at least three years, in March 1956. However, the 'Pigs and Bacon Agreement', a long-term commitment by the UK to purchase all Irish pork exports, expired at the end of April 1956, leaving Irish exports to suffer the vagaries of world market prices, losing the protection offered by the guaranteed UK markets. Nonetheless, in the face of this new competition, the Irish government took positive action by instituting a price guarantee system for high quality pork products, which essentially meant bacon, to combat this economic development.

13 R.F.Foster, *Paddy and Mr Punch: connections in Irish and English history* (London: Allen Lane, 1993), pp. 31-2.

14 D/EA note included with Irish cabinet minute, 9 October 1956, D/T-S15281A, NA.

15 D/EA note included with Irish cabinet minute, 9 October 1956, D/T-S15281A, NA.

- 16 Maher, *The tortuous path*, pp. 55-6.
- 17 Irish delegation's report on a meeting of OEEC WP#22 held between 18-20 March 1957, *circa* late March 1957, D/T-S15281F, NA.
- 18 Maher, *The tortuous path*, pp. 55-6.
- 19 Irish commercial counsellor (embassy, London) memorandum on the UK government's attitude to the proposed European common market, 9 October 1956, D/T-S15281A, NA.
- 20 Irish commercial counsellor (embassy, London) memorandum on the UK government's attitude to the proposed European common market, 9 October 1956, D/T-S15281A, NA; *Irish Independent*, 20 February 1957, D/T-S16159A, NA; *Irish Independent*, 21 February 1957, D/T-S16159A, NA.
- 21 Department of Industry & Commerce (D/I&C) note on the proposal for a Free Trade Area (FTA) embracing the OEEC countries wishing to join, October 1956, D/T-S15281A, NA.
- 22 D/I&C note on the proposal for an FTA embracing the OEEC countries wishing to join, October 1956, D/T-S15281A, NA.
- 23 The departmental secretaries present at this meeting held on 11 October 1956 included Maurice Moynihan (D/T secretary), T.K.Whitaker (Department of Finance (D/F) secretary), Seán Murphy (D/EA secretary), J.C.B.MacCarthy (D/I&C secretary), and J.Dempsey (Department of Agriculture (D/A) secretary).
- 24 Report of departmental secretaries meeting, 11 October 1956, D/T-S15281A, NA.
- 25 Report of departmental secretaries meeting, 11 October 1956, D/T-S15281A, NA.
- 26 Maher, *The tortuous path*, pp. 57-8.
- 27 Report of departmental secretaries meeting, 11 October 1956, D/T-S15281A, NA.
- 28 Maher, *The tortuous path*, pp. 57-8.
- 29 Report of departmental secretaries meeting, 11 October 1956, D/T-S15281A, NA.
- 30 Maher, *The tortuous path*, pp. 57-8.
- 31 William P.Fay (Irish embassy official, Paris) to J.J.Molloy (D/EA official), 25 September 1956, D/T-S15281A, NA; report of departmental secretaries meeting, 11 October 1956, D/T-S15281A, NA.
- 32 Maher, *The tortuous path*, pp. 57-8.
- 33 Irish government note on proposal for an FTA, *circa* mid-October 1956, D/T-S15281A, NA.
- 34 Draft report of departmental secretaries meeting, 8 November 1956, D/T-S15281B, NA (author's emphasis).
- 35 S.Lee, 'Staying in the game? Coming into the game? Macmillan and European integration', 123-147, in R.Aldous & S.Lee (eds), *Harold Macmillan and Britain's world role* (London: Macmillan, 1996), p. 124.
- 36 *Tipperary Star*, 26 January 1957, D/T-S16159A, NA; *Sunday Press*, 27 January 1957, D/T-S16159A, NA.
- 37 *Irish Press*, 9 January 1957, D/T-S16159A, NA; *Irish Press*, 10 January 1957, D/T-S16159A, NA.
- 38 *Irish Independent*, 14 January 1957, D/T-S16159A, NA; *Evening Mail*, 14 January 1957, D/T-S16159A, NA; *Irish Independent*, 17 January 1957, D/T-S16159A, NA.
- 39 Costello speech delivered at the Insurance Institute of Cork annual dinner, 12

January 1957, D/T-S16159A, NA.

40 Irish cabinet minute, 18 January 1957, CAB 2/17, NA.

41 *Irish Independent*, 21 January 1957, D/T-S16159A, NA; *Irish Independent*, 24 January 1957, D/T-S16159A, NA.

42 *Irish Times*, 23 January 1957, D/T-S16159A, NA.

43 Hederman, *The road to Europe*, backpage cover.

44 D/A progress report for January to March 1957, D/T-S15062C, NA.

45 This data comes from the following: Central Statistics Office, *Ireland: trade and shipping statistics, passim*. Please note that, due to unavailability, the category 'UK' does not include the relatively insignificant figures for the Channel Islands in 1963 and 1964. Indeed, due to a dearth in data for Norway in 1960 and 1961, the 'rest of EFTA' figures for these years only comprise of the other six EFTA countries; thus, these Norwegian figures have had to be included in the category 'others'. The figures for the latter category have been rounded off so that the total comes to 100% and includes, as the case may be, any remaining countries or products. The categories are broken down as follows:

- 'UK' encompasses Great Britain, Northern Ireland and the Channel Islands;
- 'EEC' obviously comprises Belgium, France, the FRG, Italy, Luxembourg, and the Netherlands;
- 'rest of EFTA' incorporates Austria, Denmark, Finland, Norway, Portugal, Sweden, and Switzerland (note that the UK is specifically not included);
- 'rest of OEEC' only includes those OEEC countries excluded by the EEC and EFTA, thus leaving Greece, Iceland and Turkey, as well as the addition of Spain (this category becomes 'rest of OECD' later);
- 'US' is fairly self-explanatory, comprising the United States;
- 'others' is composed of figures from those remaining countries.

In addition, note the following regarding the various categories that are utilised:

- 'live animals' is, as the title suggests, only made up of live animals;
- 'food, drink & tobacco' comprises foodstuffs of animal origin, fruit, nuts and vegetables, cereals and feeding stuffs, drink and tobacco, plus miscellaneous articles of food;
- 'manufactured goods' encompasses iron and steel, textiles, paper and cardboard, vehicles, chemicals, perfumery, dyes and colours;
- 'others' includes raw materials such as wood, timber and cork, hides, skins and leather, rubber, oils, fats, resins and gum, in addition to parcel post and some temporary transactions.

In Chapter 6, in the section headed **Changes in orientation: the evidence of exports and imports**, these sets of figures from 1957 are contrasted with the subsequent figures for 1966. Also note that these definitions are used throughout the text and the appendices unless specified otherwise.

Please note that the difference in percentages for Irish exports to the UK between 1955 and 1956, when this figure fell from 89.20% to 77.95%, is an interesting point in time to explain why the taking of figures from 1957 to 1966 is as arbitrary as any other set of figures. At a glance, this decrease of over 11%

could be thought to be overly-significant. However, there are many instances in any such table of figures appearing as some sort of inexplicable phenomena. When, in this case, the size of Irish exports in that period is considered – just over IR£100 million – a fall of IR£13.75 million worth of exports to the vital UK market remains no 'mere bagatelle', especially in a year when exports themselves fell by nearly 2½%; nevertheless, the fact that Belgian figures rose by 17%, the French by 340%, the German by 60%, the Italian by 80%, and the Dutch by 195%, it can be appreciated that all such jumps have explanations, the general one being that Ireland was looking for new markets wherever it could find them, with the Irish government gradually seeing the benefits and necessity of accessing all European markets.

- 46 Costello speech delivered at the Irish Motor Trader's Association annual dinner, *Irish Independent*, 1 February 1957, D/T-S16159A, NA.
- 47 *Irish Times*, 1 February 1957, D/T-S16159A, NA.
- 48 Irish cabinet minute, 8 February 1957, CAB 2/17, NA.
- 49 Donnchadh Ó Briain (taoiseach's parliamentary secretary) reply in Dáil Éireann to a question tabled by Gerald Sweetman, 25 April 1957, *Dáil debates* vol. 161 cols. 279-80, D/T-S15281G, NA.
- 50 G.Mally, *Britain and European unity* (London: Hansard Society, 1966), p. 31.
- 51 Report of departmental secretaries meeting, 21 February 1957, D/T-S15281E, NA.
- 52 Farrell, *Seán Lemass*, pp. 117-8.
- 53 Lemass response to inquiries in Seanad Éireann, 28 March 1957, *Seanad debates* vol. 47 col. 332. Two senators had related the issue of the government imposing duties on certain imports with developments in Europe. John Douglas, a senator nominated by the previous government, had said:

In a small market such as ours, it is necessary to have a certain amount of protection, but I believe Irish labour is just as competent as that in any other country to produce goods of first class quality at a price which should be able to compete with the markets of Europe. I hope the present Minister will give serious consideration to the protective tariffs which are at present enjoyed by many of our industries, to see whether it could not be possible to reduce that protection and still ensure that we can produce here goods for export which are up to the quality and the standard of similar goods produced in other parts of Europe ... This question must be considered in conjunction within that of a free trade area in Europe. If we in this country are to survive with that free trade area, it is essential we should produce goods which will compete with those produced by other countries within that area. I am convinced we can do it, but it is well that the situation would be reviewed if we are to join with those countries in free trade conditions and if we are to continue to be a prosperous nation.

Owen Sheehy Skeffington, a senator elected by the university electorate, in turn added his view that:

If the cold wind of competition is kept entirely off our countries, they may wax fat, but they become unhealthy, and perhaps be quite

unprepared to enter such an adventure as the European Common Market would provide ... [Thus] with the possibility at some future date – perhaps a not so very far distant one – of participating in the European Common Market, in order to do so, we shall have to have efficient industry. Some of our industries are extremely efficient, both the old and the new, but others are, shall we say, not so efficient. I attribute at least a measure of their failure to reach high efficiency, to the fact that we have been too prone to give them over-protection and not to examine afresh after a period of years whether an industry, which at the start required a protective tariff of 50 per cent., could not after five years do with a protective tariff of 30 per cent or 20 per cent.

John Douglas speaking in Seanad Éireann, 28 March 1957, *Seanad debates* vol. 47 cols. 325-6; Owen Sheehy Skeffington speaking in Seanad Éireann, 28 March 1957, *Seanad debates* vol. 47 cols. 328-9.

- 54 Lemass speaking in Seanad Éireann, 22 May 1957, *Seanad debates* vol. 48 col. 27.
- 55 Irish cabinet minute, 9 April 1957, Cabinet Minutes (CAB) 2/18, NA.
- 56 Irish government directive to the Irish delegation attending OEEC WP#23, *circa* early March 1957, D/T-S15281F, NA.
- 57 Report on Ireland's submission to OEEC WP#23, *circa* mid-May 1957, D/T-S15281H, NA; Fay to Murphy, *circa* mid-May 1957, D/T-S15281I, NA; MacCarthy report on the 'Consideration of Irish case' by OEEC WP#23, *circa* mid-May 1957, D/T-S15281J, NA; Maher, *The tortuous path*, pp. 76-8.
- 58 D/A memorandum for the government, 4 April 1957, D/T-S15281F, NA; Maher, *The tortuous path*, pp. 78-80.
- 59 Maher, *The tortuous path*, p. 80.
- 60 Report of departmental secretaries meeting, 12 June 1957, D/T-S15281I, NA.
- 61 Maher, *The tortuous path*, pp. 81-2.
- 62 Maher, *The tortuous path*, pp. 82-3. It should be pointed out that Iceland soon went its own way within this scenario, but the point is that these nations had partially peripheralised themselves and, therefore, contributed to their own later treatment as such.
- 63 Irish cabinet minute, 19 July 1957, CAB 2/18, NA.
- 64 Report of meeting discussing Anglo-Irish trade talks, 12 June 1957, D/T-S15281I, NA.
- 65 Irish cabinet minute, 1 November 1957, CAB 2/18, NA.
- 66 T.O'Carroll (D/I&C official) report of Irish government meeting on EFTA, 7 November 1957, D/FA-348/14/422PtI, NA.
- 67 O'Carroll report of Irish government meeting on EFTA, 7 November 1957, D/FA-348/14/422PtI, NA.
- 68 Whitaker, *Economic development*, *passim*.
- 69 Notes from three meetings between the Irish and UK governments on the implications of an FTA for Anglo-Irish trading arrangements, 12-13 November 1957, D/T-S15281L, NA.
- 70 Notes from three meetings between the Irish and UK governments on the implications of an FTA for Anglo-Irish trading arrangements, 12-13 November

- 1957, D/T-S15281L, NA.
- 71 Notes from three meetings between the Irish and UK governments on the implications of an FTA for Anglo-Irish trading arrangements, 12-13 November 1957, D/T-S15281L, NA.
- 72 D/I&C memorandum for the government on the visit of the UK Paymaster General, 28 December 1957, D/T-S15281N, NA.
- 73 Irish memorandum to OEEC WP#23 on special financial arrangements for countries in the process of economic development, 19 December 1957, D/T-S15281N, NA.
- 74 J.C.Nagle (D/A secretary) to Lewis Croome (UK agriculture official), 21 December 1957, D/T-S15281N, NA.
- 75 D/A memorandum on discussions with the UK government, 2 December 1957, D/T-S15281N, NA.
- 76 Lemass speech delivered to the National Agricultural and Industrial Development Association, 5 March 1958, quoted by Skeffington in Seanad Éireann, 27 March 1958, *Seanad debates* vol. 49 cols. 330-1; *Irish Times*, 6 March 1958. The *Irish Times* had prefaced this Lemass quote with the latter's view that 'if the other countries of Western Europe come together in a freer trade arrangement the implications of an Irish decision to maintain a position of isolation were not attractive to contemplate'.
- 77 Greek, Irish and Turkish submission to OEEC WP#23, 9 January 1958, D/T-S15281G, NA.
- 78 The government's practices were not universally acclaimed; one senator famously said of increases in duties in 1958 that:
 We are like people who are about to have a 'colossal sale' and who, in order to slash prices later, put them up well in advance. I wonder whether we are not putting on duties now simply for the purpose of cutting them in relation to the Free Trade Area, with a great flourish on the 1st January, 1959. Are we putting on new duties now for the cutting of which we will make an ostensible sacrifice if this Free Trade Area comes about?
 It is clear that Ireland had made a very conscious decision because Lemass replied in some detail, essentially holding that:
 I do not think I ever, in any statement, even by implication suggested that no new tariffs were going to be imposed no matter what the circumstances.
 Skeffington speaking in Seanad Éireann, 27 March 1958, *Seanad debates*, vol. 49 col. 333; Lemass speaking in Seanad Éireann, 27 March 1958, *Seanad debates* vol. 49 col. 337.
- 79 Lemass speaking in Seanad Éireann, 27 March 1958, *Seanad debates* vol. 49 col. 336. He added:
 Until these conditions exist, until Irish industry is given the opportunity of competing up on equal terms with the industries of other countries, then clearly we will have need to protect them, and the right to protect them, in circumstances where these conditions are not fulfilled, perhaps even under a free trade arrangement.

- 80 Aiken reply in Dáil Éireann to a question tabled by Noël Browne, 12 November 1958, D/T-S16159B, NA.
- 81 Maher, *The tortuous path*, pp. 84-5; John Turner, *Macmillan* (London: Longman, 1994), p. 216.
- 82 *Irish Press*, 15 November 1958, D/T-S16159B, NA.
- 83 'Irlande/Relation/Pays tiers/CECA', 1961 CEAB 5/953 1-3, ACE; 'Irlande/Relation/Pays tiers/CECA', 1961 CEAB 5/954 1-35, ACE. A particularly good example of this reticence is thoroughly dealt with in Chapter 6 in the section headed **Ireland and the other two European Communities**.
- 84 Draft letter from Lemass to David Eccles (UK Board of Trade (B/T) president), January 1958, D/T-S15281R, NA.
- 85 Lemass speech given to the Dublin Society of Chartered Accountants, 2 February 1959, D/T-S15281R, NA.
- 86 Lemass replies in Dáil Éireann to various questions, 20 May 1959, *Dáil debates* vol. 172 cols. 123-6, D/T-S16159B, NA.
- 87 Lemass replies in Dáil Éireann to various questions, 20 May 1959, *Dáil debates* vol. 172 cols. 123-6, D/T-S16159B, NA.
- 88 Lemass replies in Dáil Éireann to various questions, 20 May 1959, *Dáil debates* vol. 172 cols. 123-6, D/T-S16159B, NA.
- 89 Lemass replies in Dáil Éireann to various questions, 20 May 1959, *Dáil debates* vol. 172 cols. 123-6, D/T-S16159B, NA.
- 90 D/I&C memorandum, 26 May 1959, D/T-S15281R, NA.
- 91 Brennan to Cremin, 29 May 1959, D/FA-D/2/3PtI, NA.
- 92 R.T.Griffiths speaking at the conference entitled *EFTA at the creation* held at the University of Oslo from 14-15 May 1992 (transcript available from the IUE).
- 93 Brennan to Cremin, 29 May 1959, D/FA-D/2/3PtI, NA. Interestingly, Brennan quoted the *New York Herald Tribune* of 27 May 1959 as having said that Switzerland was one of the prime movers in the revival of the FTA negotiations and that 'the Swiss see the new scheme not as a rival to the EEC but as a means of getting negotiations going again for a multilateral association of all Europe'. Thus, Sweden and the UK were not necessarily alone in wanting the peripherals to be excluded.
- 94 Brennan to Cremin, 29 May 1959, D/FA-D/2/3PtI, NA.
- 95 Irish foreign trade committee minutes, 6 September 1957, D/FA-348/14/422PtI, NA; Maher, *The tortuous path*, pp. 91-3.
- 96 Draft D/F memorandum on 'Economic Relations with Britain', 8 July 1959, D/T-S16674A/61, NA.
- 97 Draft D/F memorandum on 'Economic Relations with Britain', 8 July 1959, D/T-S16674A/61, NA.
- 98 A proposed memorandum on the implications of an EFTA on Anglo-Irish industrial trade showed that, in 1958, only £4,000 of Irish exports to the UK out of a total of £17,843,000 were subject to the full rates of duty, a 'valuable advantage' that Ireland obviously did not want to lose. The creation of EFTA had become a 'matter of most serious concern' to Dublin as its exports were suddenly in danger of rapidly contracting instead of steadily expanding; the added concern of agricultural products being included was that this would have of course meant

- potentially catastrophic effects. Lemass memorandum, 9 June 1959, D/T-S15281R, NA; Irish cabinet minute, 10 July 1959, D/T-S16674A/61, NA.
- 99 Report on the Anglo-Irish trade talks of 13 July 1959, D/T-S16674A/61, NA.
- 100 Note that the positions of Austria and Portugal within the Seven were unclear at this point in time, and that the Seven therefore comprised of only five nations at that stage.
- 101 UK Department of the Treasury note entitled 'The Relation of a UNISCAN Free Trade Area to Wider European Arrangements', 8 April 1959, GEN613/60 CAB130/136, Public Record Office, Kew Gardens, London (PRO); Treasury note entitled 'European Trading Association: draft statement of objectives', 14 April 1959, GEN613/61 (Revise) CAB130/136, PRO. Please note that no differentiation is made between the abbreviation CAB for Irish cabinet and UK cabinet minutes as the origins of the file are obvious from other information presented in the rest of the footnote.
- 102 It should not be forgotten that Ireland was no longer in the British Commonwealth – having left in 1948 – but it continued to maintain similar trade preferences dating from before that time and even subsequently.
- 103 Treasury note entitled 'European Trade Association', 27 April 1959, GEN613/76 CAB130/136, PRO.
- 104 UK departmental secretaries note entitled 'Visit of M.de Besche, 24th-25th April', 13 May 1959, ES(EI)(59)8 CAB134/1870, PRO.
- 105 UK departmental secretaries note entitled 'European Trade Association: Swedish Proposals', 14 May 1959, ES(EI)(59)13 CAB134/1870, PRO.
- 106 FO note entitled 'Problem of non-members of both the European Economic Community and the European Trading Association', 19 May 1959, ES(EI)(59)15 CAB134/1870, PRO.
- 107 FO note entitled 'Problem of non-members of both the European Economic Community and the European Trading Association', 19 May 1959, ES(EI)(59)15 CAB134/1870, PRO.
- 108 FO note entitled 'Problem of non-members of both the European Economic Community and the European Trading Association', 19 May 1959, ES(EI)(59)15 CAB134/1870, PRO.
- 109 FO note entitled 'Problem of non-members of both the European Economic Community and the European Trading Association', 19 May 1959, ES(EI)(59)15 CAB134/1870, PRO.
- 110 FO note entitled 'Problem of non-members of both the European Economic Community and the European Trading Association', 19 May 1959, ES(EI)(59)15 CAB134/1870, PRO.
- 111 UK departmental secretaries note entitled 'Commonwealth and European Trade Arrangements', 12 June 1959, ES(EI)(59)23 CAB134/1870, PRO; UK departmental secretaries note entitled 'European Economic Co-operation and Integration: a brief history', 26 June 1959, ES(EI)(59)31 CAB134/1870, PRO.
- 112 B/T note entitled 'Current Quotas between the Seven', 21 May 1959, ES(EI)(59)18 CAB134/1870, PRO.
- 113 UK departmental secretaries note entitled 'Brief for the use of Information Officers', 22 May 1959, ES(EI)(59)19 CAB134/1870, PRO.

- 114 UK departmental secretaries note entitled 'Stockholm Group: Information for the Commonwealth', 11 June 1959, GEN613/80 CAB130/136, PRO.
- 115 UK departmental secretaries note entitled 'Stockholm Group: Information for the Commonwealth', 11 June 1959, GEN613/80 CAB130/136, PRO.
- 116 UK departmental secretaries note entitled 'Stockholm Group: Information for the Commonwealth', 11 June 1959, GEN613/80 CAB130/136, PRO.
- 117 UK departmental secretaries note entitled 'Stockholm Group: Information for the Commonwealth', 11 June 1959, GEN613/80 CAB130/136, PRO.
- 118 UK departmental secretaries note entitled 'Record of Meetings of the Working Party in Stockholm', 17 June 1959, ES(EI)(59)27 CAB134/1870, PRO.
- 119 UK departmental secretaries note entitled 'Stockholm Group: Report to Ministers', 17 June 1959, ES(EI)(59)28 CAB134/1870, PRO.
- 120 UK cabinet steering committee on EFTA meeting notes, 25 June 1959, GEN613/97 CAB130/133, PRO. Among those present at the meeting were R.F.Bretherton (B/T official), John Coulson (UK Paymaster General official) and F.E.Figures (UK Treasury official).
- 121 Treasury note entitled 'The Position of Portugal in the Stockholm Group', 30 June 1959, ES(EI)(59)34 CAB134/1870, PRO.
- 122 Treasury note entitled 'The Position of Portugal in the Stockholm Group', 30 June 1959, ES(EI)(59)34 CAB134/1870, PRO.
- 123 Treasury note entitled 'Stockholm Group: Ministerial Meeting, 20th July', 8 July 1959, ES(EI)(59)41 CAB134/1871, PRO; UK departmental secretaries note entitled 'Stockholm Group: Ministerial Meeting on 20th July: general brief', 15 July 1959, ES(EI)(59)45 CAB134/1871, PRO.
- 124 Irish government *aide-mémoire*, 26 June 1959, D/T-S15281R, NA; UK departmental secretaries note entitled 'Irish Republic's Trade with Europe', 7 July 1959, ES(EI)(59)39 CAB134/1870, PRO.
- 125 Irish government *aide-mémoire*, 26 June 1959, D/T-S15281R, NA; UK departmental secretaries note entitled 'Irish Republic's Trade with Europe', 7 July 1959, ES(EI)(59)39 CAB134/1870, PRO.
- 126 Bretherton to McCarthy, 25 June 1959, ES(EI)(59)39 (addendum) CAB134/1870, PRO; McCarthy to Bretherton, 6 July 1959, ES(EI)(59)39 (addendum) CAB134/1870, PRO; UK departmental secretaries note entitled 'Irish Republic's Trade with Europe', 9 July 1959, ES(EI)(59)39 (addendum) CAB134/1870, PRO; R.T.Griffiths, 'Ireland and EFTA' (unpublished article).
- 127 UK departmental secretaries note entitled 'Meeting with Irish Ministers at the Board of Trade on Monday, 13th July, at 10.30a.m.', 20 July 1959, GEN613/93 CAB130/136, PRO.
- 128 UK departmental secretaries note entitled 'Meeting with Irish Ministers at the Board of Trade on Monday, 13th July, at 10.30a.m.', 20 July 1959, GEN613/93 CAB130/136, PRO.
- 129 UK departmental secretaries note entitled 'Meeting with Irish Ministers at the Board of Trade on Monday, 13th July, at 10.30a.m.', 20 July 1959, GEN613/93 CAB130/136, PRO.
- 130 UK departmental secretaries note entitled 'Meeting with Irish Ministers at the Board of Trade on Monday, 13th July, at 10.30a.m.', 20 July 1959, GEN613/93

- CAB130/136, PRO.
- 131 UK departmental secretaries note entitled 'Meeting with Irish Ministers at the Board of Trade on Monday, 13th July, at 10.30a.m.', 20 July 1959, GEN613/93 CAB130/136, PRO.
- 132 UK departmental secretaries note entitled 'Meeting with Irish Ministers at the Board of Trade on Monday, 13th July, at 10.30a.m.', 20 July 1959, GEN613/93 CAB130/136, PRO.
- 133 A critical point has to be made here, concerning this research into *Ireland and the EEC, 1957 to 1966*, which is that the part played by partition in Anglo-Irish politics became decreasingly important as this period of time passed. Indeed, there was an incontrovertible transition in the handling of this subject by Irish governments from the de Valera years through to the Lemass tenure, culminating in the latter's meeting with Terence O'Neill, the Northern Ireland prime minister, in January 1965. A study of **Northern Ireland's role in Irish-European affairs** – regarding economic, political and social issues – is integrated into Chapter 6.
- 134 UK departmental secretaries note entitled 'Meeting with Irish Ministers at the Board of Trade on Monday, 13th July, at 10.30a.m.', 20 July 1959, GEN613/93 CAB130/136, PRO.
- 135 UK departmental secretaries note entitled 'Meeting with Irish Ministers at the Board of Trade on Monday, 13th July, at 10.30a.m.', 20 July 1959, GEN613/93 CAB130/136, PRO.
- 136 UK cabinet steering committee on EFTA meeting notes, 14 July 1959, GEN613/102 CAB130/133, PRO.
- 137 MacCarthy to Moynihan, 8 October 1959, D/T-S15281T, NA.
- 138 Whyte, *Church and state*, pp. 353-5 & 361.
- 139 Please note that a diagram depicting this relationship has appeared in FitzGerald, 'Irish neutrality and European integration', p. 8.
- 140 Note that from NATO intersection OEEC one would find:
- the two North American members of NATO;
 - countries common to both organisations – that is with security and trade considerations ($\text{NATO} \cap \text{OEEC}$) with Spain peripheral to both;
 - the four OEEC neutrals with Finland depicted outside the OEEC set.
- This would become a little more complex if EEC and EFTA sub-sets from 1957 and 1959 were added in; the position of the peripherals and neutrals, specifically Ireland, would mean that it is not only excluded from the major European trade developments but is also outside the West's major security network. If another major trade organisation, such as the General Agreement on Tariffs and Trade (GATT) was integrated into this set-up, it would be found that Ireland was excluded even further still. Of the countries in question, Ireland was the penultimate member to accede to the GATT, doing so through Agreement N°106 on 22 December 1967. Note that Austria, Belgium, Canada, Denmark, Finland, France, the FRG, Greece, Italy, Luxembourg, the Netherlands, Norway, Sweden, Turkey, the UK, and the US were all members by 1951; Portugal was already affiliated through EFTA and later acceded in 1962. Subsequently, Switzerland signed a bilateral agreement with the US in the 'Dillon Round' of 1962 and acceded in 1966; Spain acceded in 1963 and Iceland acceded after Ireland in

1968. J.H.Jackson, *World Trade and the Law of GATT* (New York: Bobbs-Merrill, 1969), pp. 898-9.
- 141 Keatinge, *The formulation of Irish foreign policy*, p. 307. In October 1966, the Irish mission to the EEC in Brussels finally became a separate diplomatic and independently functioning entity.
- 142 G.David Anderson (UK embassy official, Dublin) to J.A.Belton (D/EA assistant secretary), 2 July 1959, D/T-S16671A, NA.
- 143 Moynihan to Belton, 6 July 1959, D/T-S16671A, NA.
- 144 Aidan Mulloy (embassy official, Brussels) to Sheila Murphy (D/EA official), 8 July 1959, D/T-S16671A, NA.
- 145 McDonald to Cremin, 26 June 1959, D/T-S15281R, NA.
- 146 Moynihan to Belton, 18 July 1959, D/T-S16671A, NA.
- 147 Aiken memorandum entitled 'Establishment of formal diplomatic relations with the EEC', 20 July 1959, D/T-S16671A, NA.
- 148 Molloy to Moynihan, 20 July 1959, D/T-S16671A, NA; Moynihan to Lemass, 20 July 1959, D/T-S16671A, NA.
- 149 Irish cabinet minute, 21 July 1959, CAB2/20, NA; Moynihan to Cremin, 21 July 1959, D/T-S16671A, NA; D/EA memorandum entitled 'Establishment of diplomatic relations between Ireland and the European Economic Community', 9 October 1959, D/T-S16671A, NA.
- 150 Lemass reply in Dáil Éireann to a question tabled by George Russell, 21 July 1959, D/T-S15281R, NA.
- 151 Lemass reply in Dáil Éireann to a question tabled by George Russell, 21 July 1959, D/T-S15281R, NA.
- 152 Lemass to K.Ticher (Director of Ticher Ltd., Dublin), 30 July 1959, D/T-S16671A, NA.
- 153 D/EA foreign trade committee discussion paper, *circa* late July 1959, D/FA-348/69/II, NA.
- 154 Lemass speech delivered in Dáil Éireann, 21 July 1959, *Dáil debates* vol. 176 cols. 1572-3, D/T-S16671A, NA.
- 155 A.Ó Coinneáin memorandum of a meeting between Lemass and the various ministers and secretaries at the Departments of Finance, External Affairs, Industry & Commerce, and Agriculture, 28 August 1959, D/T-S15281S, NA.
- 156 D/EA memorandum entitled 'Establishment of diplomatic relations between Ireland and the European Economic Community', 9 October 1959, D/T-S16671A, NA.
- 157 Moynihan memorandum, 6 October 1959, D/T-S16671A, NA; Moynihan memorandum, 7 October 1959, D/T-S16671A, NA.
- 158 D/EA memorandum entitled 'Establishment of diplomatic relations between Ireland and the European Economic Community', 9 October 1959, D/T-S16671A, NA; Irish cabinet minute, 13 October 1959, CAB2/20, NA; Moynihan to Cremin, 13 October 1959, D/T-S16671A, NA.
- 159 Cremin to Moynihan, 3 December 1959, D/T-S16671A, NA; Moynihan to Cremin, 3 December 1959, D/T-S16671A, NA.
- 160 Lemass speech delivered to the Federation of Irish Industries, 21 September 1959, D/T-S16666B, NA; Lemass reply to a question posed in Dáil Éireann, 21 October

- 1959, D/T-S15281T, NA.
- 161 D/I&C memorandum, 14 October 1959, D/T-S15281T, NA; Mally, *Britain and European unity*, p. 42 (author's italics). The preamble to the convention – signed in Stockholm on 4 January 1960 – which established EFTA was quoted by the latter; this text read:
- Determined to facilitate the early establishment of a *multilateral association* for the removal of trade barriers and the *promotion of closer economic co-operation* between the members of the OEEC ...
- 162 Garret FitzGerald (Irish Council of Europe Movement executive committee chairman) article in the Irish Council of Europe movement newsletter, March 1960, D/T-S15279B/PtI, NA.
- 163 Lemass draft speech to an intergovernmental committee for the establishment of an FTA, *circa* October 1958, D/T-S15281Q, NA.
- 164 Baker, *Dependency, ideology and the industrial policy of Fianna Fáil in Ireland*, p. 25.
- 165 Lee, *Ireland, 1912-1985*, p. 352.
- 166 B.Girvin, 'Economic development and the politics of EC entry: Ireland 1956-63', pp. 1-35, paper presented at the conference entitled *The first attempt to enlarge the European Community, 1961-63*, held at the IUE from 17-19 February 1994, p. 25.
- 167 International Monetary Fund (IMF), *International financial statistics* vol. 16 no. 1, January 1963; Stallings, *Economic dependency in Africa and Latin America*, pp. 8 & 45. Barbara Stallings says that, though it does not represent dependency *per se*, 'exports and imports as a high percentage of GNP is a necessary precondition for the trade aspect of dependency to be relevant'. In fact, she shows that trade figures as a percentage of GNP for African and Latin American countries were 43% and 29% on average respectively in 1965, but that the figure was more likely to be in the region of 22% for developed countries such as the FRG or UK.
- 168 Draft *aide-mémoire*, 3 December 1959, D/T-S15281U, NA; Irish Council of Europe Movement newsletter, May 1960, D/T-S15279B/PtI, NA.
- 169 Irish foreign trade committee minutes, 9 September 1955, D/T-S15030B, NA.
- 170 MacCarthy to Whitaker, 6 April 1960, D/T-S15281W, NA.
- 171 Irish cabinet minutes, 9 August 1960, D/T-S15030D, NA; Irish government decision, 15 August 1960, D/T-15030D, NA; Jack Lynch (industry & commerce minister) speech to the Dublin Rotary Club, 31 October 1960, D/T-S16877F, NA.
- 172 McAleese, 'Political independence, economic growth and the role of economic policy', p. 286.