

Salazar, London and the Process of European Integration up until the Signing of the Treaty of Rome

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History never repeats itself, but the kaleidoscopic combinations of the pictured present often seem to be constructed out of the broken fragments of antique legends.

(Mark Twain and Charles Dudley Warner, 1873)

Introduction

The challenge of the construction of the European project came at a critical juncture in the history of the foreign policy of both Portugal and Britain. Among the major factors that determined the positions of these countries *vis-à-vis* the incipient project of European integration were the type of relationship that both countries had (or wanted to preserve) with their overseas territories, the relationship they had with the superpowers (in particular the United States), their perception of the Franco-German relations, and their own understanding of the process of European political and economic integration.

Britain's colonial power was dealt a severe blow when it withdrew from India in 1947. Nine years later, in 1956, its African colonies succeeded in securing their independence – the same year when the British

endured the humiliation of the Suez Crisis. By this time, Portugal was still peddling and pandering to lusotropicalist propaganda, arguing that it was playing a “civilising” role in its overseas provinces in Africa, only to be stirred from its imperial sleep by the UN General Assembly Fourth Committee in January 1957. Nevertheless, unrest had already been rippling across the Portuguese possessions in India from 1954, resulting in the violent suppression of the Satyagraha campaigns. The Indian Government policy of “wait and watch” from 1955 to 1961, with several diplomatic representations to the Portuguese regime requesting the relinquishing of control of Portuguese Goa, would come to an end with the formal annexation of the territories on 19 December 1961. By then, the death knell of the Portuguese imperial dream in Africa had sounded in the coffee-growing areas of northern Angola, where the UPA (*União das Populações de Angola*, Union of the Angolan Peoples) organised a rebellion that led to the massacre of hundreds of white settlers and Angolan natives on 15 March.

The Cold War had polarised the world, but the Asian-African Conference held at Bandung in 1955 and the Non-Aligned Movement, founded in 1961, tried to transcend that scenario by seeking to abstain from serving the interests of the big powers and by backing the anti-colonial independence struggles across the world. Therefore, besides the threat posed by the Soviet bloc to Western Europe and the American plans for the region – which both London and Lisbon dismissed as naïve –, the colonial question was one more piece of the equation which complicated Europe’s efforts to steer a course of sustainable economic development. Nevertheless, both Britain and Portugal hoped that their overseas territories might help to leverage their bargaining power in the setting-up of a free trade area in the context of the Organisation for European Economic Cooperation (OEEC).

When finally European integration began to take shape, the two countries reacted cautiously. The economic and political impacts of such an unprecedented project were difficult to gauge, all the more so because it entailed an understanding of transnational cooperation that did not conform to the old logic of trying to converge commercial or financial interests of two competing nations.

This article aims to shed some light on the political and ideological agendas of both London and Lisbon during the process leading up to the signing of the Treaty of Rome, on 25 March 1957. It focuses on four main questions. The first one is how the colonial issue still influenced the attitudes of Portugal and Great Britain towards the process of European integration. The second one explores how the risks of commercial and economic isolation conditioned their understanding of the potential of a European common market. The third question addresses their inability to identify themselves with the principles and values of the European project. The fourth one seeks to ascertain the views exchanged between the British and Portuguese governments on issues such as the customs union, the common market and the free trade area.

1. The Weight of the Colonial Legacy

The end of the Second World War spelled the decline and fall of the imperial projects that had remained standing after the Great War. London, Paris, Haya, Brussels and Lisbon believed that it was still possible to pursue strategies of revitalization and modernization of their colonial possessions, in the hope that this alone might help to overcome the fragile state of their economies and regain the former status of international powers. However, all of them were well aware that pressure would be mounting as the years went by and the independence movements gathered momentum under the aegis of the two world superpowers. Each country sought to meet such challenges in their own way. Unlike the British, who after the war were aware that keeping its colonial heritage represented a Sisyphean effort, the Portuguese were convinced that they could go on staving off the threats to their overseas territories indefinitely, an attitude of exceptionalism and isolationism that would cost the Salazar's government dearly. From 1961 onwards, the colonial conflicts intensified, eroded the regime at home and abroad, and exhausted Portugal's financial and military resources, seriously impairing the economic development of

the country. Moreover, this obsession with an obsolescent vision of Africa as Lisbon's playground for its imperial fantasies, only matched in degree by its policies of violent repression and ideological control both in the metropolis and overseas, would further isolate the regime from the ongoing process of construction of European cooperation throughout the 1960s and early part of the 1970s.

After 1945, Great Britain's status of great economic power plummeted and lacked significant surplus to send abroad. (Porter 1984, 319) The British soon realised that their resources were limited for the effort of postwar reconstruction. The costs alone of keeping India yielded little or no economic and strategic advantages whatsoever. (Judd 2006, 343) Before the conflict with Nazi Germany, Britain still believed that the demands for the right of self-governance of the colonies could be neutralised with the creation of the Commonwealth, formalised in 1931 by the Statute of Westminster (though it was not immediately ratified by some of the dominions). This solution set up an institutional framework of autonomous or semiautonomous territories bound by their allegiance to the Crown. Not without visible tensions, Britain would end up granting independence to India, Pakistan and Burma in 1947 and Ceylon in 1948, while the communist insurgency in Malaysia in that year would postpone its independence until August 1957, when it became an independent member of the Commonwealth of Nations. The Middle East was no less challenging. In 1948, Britain walked out of Palestine, leaving Jews and Arabs to fight out an interminable war – a decision which drew criticism from Isaiah Berlin, who, in a letter to Chaim Weizmann dated 6 June 1948, denounced the “crass blindness and stupidity on Bevin and Attlee's part.” (Berlin 2009, 50) The same historian, in a letter to Joseph Alsop dated 21 October 1949, again touched a nerve regarding Britain's newly found imperial status. As a consequence of the war, the former imperial power became almost entirely dependent on the United States and, therefore, easy prey to international humiliation. As he stated:

My impression of our rulers is that they are like an acrobat on a tight-rope with a large net cosily below them; they know that if they fall they will fall into the net (USA) and will suffer at worst loss of face but not of life. They realise subconsciously that they will never be allowed to sink utterly, if only from the most self-regarding motives. And this takes away from the acute sense of crisis which otherwise would drive them dotty. They are like the son who knows that his debts will ultimately be settled by his annoyed and angry parents, with much humiliation all around, but that he will not go to jail. (Berlin, 132; see also Bew 2017, 432)

And indeed humiliation was inflicted later in 1956 when Gamal Abdul Nasser nationalised the Suez Canal and drove the British military out of Egypt. Symptomatic of the attitude of subservience towards the United States that Isaiah Berlin had previously censured, Britain had aligned with the position of the American Ally when the case was brought before the Security Council of the United Nations. Yet, at Sèvres, Britain, France and the new state of Israel secretly plotted to occupy Egypt without letting the Americans learn of their intent. The military actions were unfolding according to plan until the moment when the United States threatened to withdraw its support to the British pound. Anthony Eden caved in to the demand of the newly elected Eisenhower and was forced to call the whole thing off on 7 November, only two days after the Anglo-French troops had landed in Egypt. Not only did public opinion in Britain oppose the attack, but also the few remaining pro-British Arab friends were compelled to act against British interests. (Balfour-Paul 1999, 510) To add insult to injury, India, seeking to distance itself from its former colonial rulers, sided with Nasser, thus putting into practice the policy of non-alignment. (Nayudu, 2016)

The situation of Britain's tropical colonies was no less problematic. If, from an economic perspective, the late 1940s and 1950s were the time when the ties between the colonial power and its colonies "were closest of all," (Porter 1984, 321) this was so because the capitalist exploitation was far more intensive – which tightened Britain's grip on the colonies and caused African nationalism to spring suddenly

into full force. This phenomenon, however, took on different forms depending on the African territory and, therefore, British rulers had to follow different timetables for decolonization and transfer of power, (Falola & Roberts 1999, 528) with questionable, not to say disastrous, results for the local populations in the long run. (Lonsdane 1999, 543) Throughout the 1950s, plans devised for each region all hinged upon the idea that the white settler would have the final say. The grouping of the colonies of East-Central Africa into two federations would allow one colony, mostly controlled by white settlers, to dominate the other two weaker territories. Another approach, known as “partnership” or “multiracialism” – although appearing to allow power to be shared between the Europeans and Africans – strongly favoured the former according to a formula of “parity” which would give 50,000 white settlers living in Kenya the same number of representatives to the legislature as those representing the 5 million Africans. (Porter 1984, 328-9) None of these measures managed to improve the economic and living conditions of the colonised peoples. As Tomlinson wryly argues, “the suggestion remains that British rule did not leave a substantial legacy of wealth, health, or happiness to the majority of the subjects of the Commonwealth.” (1999, 375)

Substantive ideological differences separated Britain from its oldest ally. Portugal’s understanding of its colonial mission was less linked to the logic of capitalism than to a messianic vision of the country’s role in world history. Article 2 of the Colonial Act (Decree-law no. 22:465, promulgated on 8 July 1930) determined that “the Portuguese Nation’s organic essence is to play the historic role of possessing and colonising the overseas dominions and of civilising the indigenous populations living therein, while also exercising the moral influence that is conceded by the Patronage of the East”. In fact, the whole Act was about the renationalization of the colonies, where any concessions to foreign capitalists were to be subjected to a more integrated and patriotic vision of the development of the colonies. (Oliveira 2014, 484) Further centralization and concentration of colonial power ensued with the approval of both the Organic Charter of the Portuguese Colonial Empire and the Overseas Administrative

Reform in November 1933. Despite some minor concessions, the decision-making process was left entirely in the hands of the government. The revision of the Organic Charter in 1946 implemented some principles of decentralization and later in 1951, the constitutional revision introduced a slight change in discourse, replacing the concept of colonies with that of "overseas provinces", each entitled to its own capital and local government. With this change of lexicon, Portugal resumed the assimilationist philosophy of its eighteenth century imperial tradition. It also brought it closer to the spirit of the French Union (1946-1958), created with the Constitution of 1946 and which turned the old colonies of the French West Indies into "overseas departments", and the new colonies into "overseas territories". The aim was "the assimilation of the overseas territories into a greater France, inhabited by French citizens, and blessed by French culture." (Simpson 2004, 286) This assimilationist ideology, however, not only proved unable to prevent but actually precipitated the colonial war cycle from 1946 to 1962, in Indochina and in North Africa, since it refused to countenance a political evolution towards solutions of self-governance and of self-determination in their territories. (Dreyfus *et al.* 1980, 468) The concept underlying the French Union would be replaced by the ideal of the French Community only in 1958, when a new constitution was promulgated in response to the Algerian crisis. The community was to take the form of a federation, comprising those territories that would choose to be treated either as parts of France, or as separate autonomous territories enjoying self-government – except for foreign policy, which was to be dictated by an Executive Council, a Senate and a Court of Arbitration.

What the French claimed was their *mission civilatrice* did not differ much from the idea contained in Article 133 of the 1951 Portuguese Constitution, which maintained that it was the Portuguese Nation's function to "communicate and disseminate" among the indigenous populations the "benefits of its civilisation". This choice of words watered down the much blunter "civilising" objective stated in the 1930 Colonial Act. This operation was, however, more of a cosmetic nature. The living conditions of the local populations belied

the so-called civilizational mission of the Portuguese, who kept the Africans in a state of abject ignorance (in 1956 only 1 percent of the Angolans was attending school). Neither did they hesitate to create administrative mechanisms to facilitate forced labour to feed the colonial modes of production. (Oliveira 2014, 498-9) From an ideological angle, the state intended to remain vigilant and in control of capitalist ambitions in its overseas territories. However, the fact remains that British capital enjoyed a privileged position within the framework of major foreign investments, at least until the after the end the Second World War, when American and South African investment started to intensify. (*Idem*, 491-2) The existing policies of promotion and development of productive activities in the African territories (the first plan covered the period from 1953 to 1958) led to a significant increase of private investment and to a rise in the important migratory movement from the metropolis (from 44,000 migrants to Angola in 1940 to 173,000 in 1960, for instance). Unlike the policies adopted by the European powers in Africa, Portuguese state intervention gave preference to the investment in infrastructures, while expenses on social programmes came very low on the list of priorities. (Alexandre 2000, 52-3)

2. Fighting the Risk of Isolation

The gradual loss of Britain's imperial status from the late forties onwards added to the sense of crisis of national identity. The project of Imperial Preference – subject to an intense debate ever since Joseph Chamberlain proposed it at the beginning of the twentieth century –, had failed to materialise, partly thanks to the pressure from the United States. However, this did not prevent the Commonwealth, under the so-called “favoured status”, (Gowland *et al.* 2009, 46) from remaining Great Britain's main source of food supply due to a low-tariff regime that favoured imports from its member-states. This alone represented about one third of Britain's imports until the early 1960s. Not without its costs, though. The percentage of exports to the Commonwealth decreased significantly, while Europe grew in

importance over the years, until in 1965 it succeeded in supplanting the Commonwealth as its main export destination. Countries such as South Africa, Canada and Australia realised, especially after the Suez crisis, that their trade relationship with Britain could not go on compromising their trade ambitions in relation to other parts of the globe, in particular the United States, Asia and developing countries. The British found themselves at a crossroads as their role as leading nation of the Commonwealth declined. Their heavy reliance on the USA, which made it difficult for them to steer their own course and set their own objectives, along with their inability to go on securing the defence of the Empire (as demonstrated by their withdrawal from Greece in March 1947 given their state of near bankruptcy and the risk of being embroiled in the civil war that had broken out in September 1946), revealed the degree of their weakness and their growing isolation. (Judd 2006, 353) The Continent now seemed more likely to offer a way out of the predicament Britain found itself in. It provided the opportunity to regain its international status and to reconfigure its economic development model.

Portugal's isolation was no less problematic. As far as his foreign policy was concerned, Salazar seemed confused and unable to set a clear course to help the country cope with the new world order. On the one hand, he was reluctant to accept the emergence of the two superpowers and the decline of Britain as a sea power, now replaced by the Americans. On the other, he failed to realise the importance of the role of the newlyerected United Nations in the post-WWII order. As Portugal had been set aside when the organisation was founded in April 1945 and the USSR would later veto its application for membership in 1946, the regime was shut out from the initial debates that would redraw the geopolitical map of the world. As a consequence, Salazar failed to come to terms with the end of the old Europe as the centre stage of international politics. The Soviet threat and the intensification of the Cold War prompted Salazar to sign the bilateral agreement of military cooperation with the United States in February 1948 and shortly afterwards, in December, to accept talks to formally join the North Atlantic Treaty Organisation. There were good reasons for

NATO to tolerate the presence of an authoritarian regime in the midst of democratic nations. Severiano Teixeira advances two explanations. On the one hand, the Americans could not afford to overlook the geo-strategic importance of Portugal in the Atlantic. A military base on the Azores would allow the Americans to rapidly deploy their forces in case the Soviet Bloc attacked the Old Continent. On the other hand, if Portugal refused to join the organisation this might produce a domino effect that could lead other countries not to adhere, thus weakening the organisation. (2000, 82-3) Salazar may have succeeded in reaping some benefits from this recognition (regaining its “Atlantic vocation” and its intermediary role with Franco’s Spain, for instance), but they would be to no avail when Portugal finally joined the United Nations in 1955 and its hotly contested colonial policy came under fierce attack. In January 1957, the regime was particularly targeted at a meeting of the Special Political and Decolonization Committee (also known as the Fourth Committee). (Nogueira 2000, 439-42)

By the end of the 1950s Portugal was a country of little less than nine million people and with a GDP per capita of only 357.39 USD (in sharp contrast with Denmark’s 1,364.52 and the Netherland’s 1,068.78 (also in 1960); in France the figure was 1,219.02 in 1959, and in Britain 1,218.00 in 1958). (World Bank, 2018) 40.3% of the population was illiterate and only 0.6% held a university degree. Used to keeping a tight grip on such a poorly developed country, Salazar was not particularly enthusiastic about the process of European construction. Not only did he see Africa as an extension of Europe, but was also a stern advocate of the civilising mission of the Portuguese there. The neutrality status that he succeeded in keeping during the war and the perception of Europe as a territory of conflicting and irreconcilable political interests had driven him away from the discussions that were to shape the new Europe. Again, this was a new conjuncture that Salazar had some difficulty in coming to terms with. However, as the European question started demanding concrete answers, Salazar had no alternative but to meet these challenges on a ground that was familiar to him, namely in the context of the Old Alliance. Britain’s positions helped to set the tone of Salazar’s attitudes towards Europe.

True, the Marshall Plan in 1949-1950 had ushered Portugal into the dynamics of European cooperation, in the particular in the context of its participation in the OEEC, founded in April 1948, whose main goal was to set up European Recovery Programme set up to justify the American effort. This experience, however, failed to draw Portugal closer to its continental counterparts. When London moved away from the discussions leading to signing of the Treaty of Rome (officially called Treaty on the Functioning of the European Union) in March 1957, and invested instead in the creation of the European Free Trade Association (EFTA), Lisbon followed suit. (Andresen-Leitão 2004; Alípio 2001)

Besides, while shyly accepting the financial aid of the Marshall Plan, Portugal was not particularly successful in the first economic development plan ("I Plano de Fomento") that it was compelled to draw up and implemented from 1953 for a period of six years. According to Brandão de Brito, though its objectives already signalled an important inflection in the economic policy of the New State (growth of the income per capita; improvement of productivity; reallocation of manpower; qualification of active population; and fighting illiteracy) as the logic of Corporatism gave way to the market economy, little was achieved. (2000, 114) While Brandão de Brito speaks of an annual average growth of the GNP per capita of only 3%, Ribeiro de Menezes advances Marcello Caetano's more optimistic assessment, according to whom the GNP grew by 25% and the population by 300,000. (Menezes 2009, 347) Whatever the true results of the development plan might have been, they did not make Salazar more sensitive to the economic potential of the EEC. As far as Europe was concerned, Portugal had already aligned its position with that of Britain's, by embracing the EFTA project (which the British themselves would later abandon when they joined the EEC in 1973), and by attempting to launch the Portuguese equivalent of the Commonwealth, the so-called Portuguese Economic Space (Espaço Económico Português), exclusively involving the metropole and the overseas provinces. (*Idem*, 116)

3. The Gravitational Pull of European Integration

There were sound reasons that justified Britain's new approach to Europe. Shortly after the war, the industrial output was well below (at best 20% below) the levels of 1938. To prevent the spread of communism economic recovery was top priority. Pre-war liberalism had taken a heavy toll on the politics of the Old Continent. Keynesian-inspired policies of state interventionism gradually emerged as the way to prevent the social costs of the excesses of unbridled capitalism. Full employment, curbing inflation and balance of foreign trade took priority. Nationalisation of many industries in Britain (transport, electric power, coal and steel) and France (banking, insurance, energy and Renault) tested the degree of such interventionism. The American financial aid under the Marshall Plan granted governments further means to control and guide the development of the economy. As a result of these policies, economic growth from 1947 to 1960 was unprecedented. Industrial output in France went from 74 in 1938 to 153 in 1960, in West Germany from 87 to 144, in Britain from 69 to 132 (index 100, 1953). (Dreyfus *et al.* 1996, 470) Competition between France and Germany, however, could not remain unresolved. The creation of the European Coal and Steel Community (ECSC), proposed by the French foreign Minister Robert Schuman, was an attempt to prevent an escalade of tension – which might trigger yet another military conflict – resulting from the internationalisation of the Ruhr area. Schuman, however, was not solely worried with pre-empting competition between countries over natural resources. He also sought to establish the principle of the equality of states and of solidarity between nations over the traditional logic of the politics of domination. In the medium and long term, the ECSC paved the way to the acceleration of economic and industrial growth of its members, promoted the Franco-German rapprochement, and – which is more politically important – fostered the idea of a united Europe. (Dreyfus *et al.* 1996, 472) This idea did not revolve solely around economic, but also social development. As Jean Monnet defended in his

declaration dated 23 November 1955, when he spoke of the United States of Europe, "our organisations, socialist parties and unions, Christian-democrats, liberals, Germans, Belgians, French, Italians, Luxembourgers and Dutch believe that our peoples' hopes to improve our living conditions, justice, liberty and peace won't materialise if we remain separated in our national efforts". The construction of the European project would necessarily entail measures for the "harmonisation of social policies". (FO 371/122022/37)

The British saw the creation of the European Economic Community (EEC) with suspicion, especially because it was based on Europe's lack of strength to respond to the world domination by the two superpowers. The Spaak report (Comite Intergouvernemental 1956) acknowledged the situation of weakness of the European industry *vis-à-vis* that of the United States and of the Soviet bloc. As they stated in the foreword:

Between the United States, which in almost every field alone accounts for half of the world's production, and the countries which, under a collectivist regime of one-third of the world's population, increase their production at the rate of 10 or 15% year, Europe, which formerly had a monopoly on processing industries and derived substantial resources from its overseas possessions, sees its external position weakening, its influence dwindling, and its capacity for progress lost in its divisions. (Comite Intergouvernemental 1956, 9)

Britain did not identify itself with this portrayal of the European economy, all the more so because the creation of the EEC might lead to a situation where Europe would be competing against the United States and challenging its power. In a meeting in late January 1957 between an official of the United States Embassy and R. F. Stretton, a staff member of the Foreign Office, the latter ventured to give a word of warning to the Americans about the Euratom. He stated that "the earlier American enthusiasm for European federation had been born of a natural desire to get Europe off America's back some day, but the corresponding European attitude could not be guaranteed to produce

the kind of Europe which the United States (or of course ourselves) wanted." And he added: "The Third Force idea did not grow out of a desire to collaborate with the United States but out of distrust of her", and therefore, "the Relance Européene would need to be carefully watched from this point of view".

This perceived attrition was inconsistent with the Europe's dependence on American military power for its security, a dependence that released it from the concern of having to set up a common defence policy – a project that, nevertheless, had been rejected by the French Assembly in 1954. However, the British were not alone in their scepticism about the emerging EEC. The Dutch were not particularly pleased with high tariffs being charged to countries from outside the Community, which could lead to an inflation of prices, and, just like the Belgians, were worried that Britain had not joined the Messina plan. In the French Assembly, several conservative MPs, including Gaullists, voted against the Treaty of Rome, while the Left opposed the creation of a "petite Europe" and deplored the absence of Britain. (Bossuat 1995) In Germany, Adenauer's Economy minister, Ludwig Erhard, promoter of the social market system and a stern advocate of free trade, wrote a ten-page letter to the *Kanzler* in September calling the proposal to unify the continent a "macroeconomic nonsense" ("volkswirtschaftlicher Unsinn"). (Enders 1997, 161) He feared the neo-mercantilist policy of a customs union might negatively affect the trade flux with Britain and lead to price distortion. Erhard would rather have a Free Trade Association with the British – excluding, of course, the agricultural sector. Having lost its Eastern markets and deprived of overseas territories, Germany could have benefited from a more flexible and wider free trade area, he claimed, instead of being confined to the signatories of the Treaty of Rome. What Erhard failed to grasp was that thanks to the EEC there would be a significant increase in trade exchanges between its members and in particular with Germany, whose industrial dynamism was vital for the economic recovery of the whole continent. As no country in Western Europe was entirely self-sufficient, the increased interdependence required cross-border cooperation, planning, regulation, common

growth objectives and subsidies. Actually, while most of the Ruhr industrialists sided with Erhard, there were important stakeholders in Germany who would take an opposite view. His political opponents in the SPD and the *Deutsche Gewerkschaftsbund* (German Trade Union Confederation), the new trade union federation, feared that Germany could return to the capitalist economic system that they claimed had been responsible for the rise of the Nazis. The Left believed that it was possible to effect a transformation of German industrial culture by socializing key industries and introducing an "economic democracy." (Hook 2004, 233) There were also important voices on the side of the German industry who did not see eye to eye with Erhard's advocacy of free competition. On 21 December 1955, the chairman of the German Manufacturers' Federation, Fritz Berg spoke in favour of a "European attitude" by German manufacturers, and called for the establishment of a common market "in the widest sense of the word" by means of a Customs Union within a period of 10 to 15 years. Berg's "European attitude" entailed more than just short-term commercial or financial interests; it entailed a political vision of the future, as he maintained that "German industry is ready to do its utmost to strengthen and complete the German-French understanding, even at the cost of new sacrifices." (FO 371/122022/46)

Judd argues that what brought all these countries together (Belgium, France, Italy, Luxembourg, the Netherlands and West Germany) was above all the defence of their selfish national interest and that the removal of trade obstacles with their neighbours was motivated by the lessons of the past. (Judd 2006, 356) However, what cemented Germany's position in relation to the EEC was not so much the concerns about the economy, but Adenauer's political commitment to France.

Besides sharing Britain's reservations, Salazar realised that the ideological tenets of the EEC represented a threat to the regime. As Ribeiro de Menezes aptly puts it:

Supranationalism was a threat to both Portugal and Salazar's power; the evolving European ideal posed a direct challenge to the New State's authoritarian principles, and had thus to be combated. Salazar was a nationalist; nations were for him the basic building blocks of his ideal world order, and any attempt to build a new world order which ignored them was, he believed, doomed to fail. Salazar was especially suspicious of the engine driving the European ideal forward, which he identified as American diplomacy. (2009, 348)

As Salazar himself wrote, in a letter dated 7 March 1953, when approached by the Belgian Minister of Foreign Affairs, Paul van Zeeland, about a the possibility of creation of a European federation:

The United States, in their ingeniousness and levity of opinion, do not see for Europe any political solution other than unity through a federation. France, who seems to us a war-worn country and who appears to be haunted by its own independence, adopts the idea as the easiest way to avoid an isolated German rearmament, potentially hostile in the future. The nations surrounding France seem convinced, for different reasons, that that is the best way to save Europe and maybe the only way to secure American aid, either as a military power, or as a financial resource. (*Apud* Nogueira 2000, 281; my translation)

The intellectual arrogance with which Salazar looks down on the American policy towards Europe, his apparent disdain for France's weakness, and his pessimism about the future of a federal solution for Europe, might be easily confused with an affirmation of political strength, but they rather betray his very own weaknesses. In his assessment, American aid is not regarded as an outstanding opportunity to help put the European economy back on its tracks, but as the life-buoy of feeble nations; France is not seeking a peaceful solution for Franco-German relations, but rather seems paralysed with the fear of another military confrontation, while proving unable to govern itself as an independent nation. As European democracies become more involved in developing strategies of cooperation at both political and

economic levels, Salazar remains sceptical about the results of such efforts and misconstrues the whole issue as a matter of American manipulation and/or French weakness. Instead of seeking to explore the potential of the new political geography of European cooperation, the dictator preferred to stick to the age-old cartography of the empire. As he once stated, "if I am allowed to be the interpreter of the feeling of the Portuguese people, I will say that their love for their independence and for their overseas territories, as a relevant and essential part of their history, is so deep, that they find the very idea of federation, affecting the former and the latter, absolutely repulsive." (*Idem*, 283) Franco Nogueira further discloses Salazar's doubts about a future federation. There were only two ways in which this federation could come into being. It would be either by force of a federator or by slow evolution. Hitler had failed, but Russia might still succeed, at least in those countries under its control. Besides, states and individuals would pay a heavy price for that federal solution (abandonment of lands, relocation or concentration of industries; mass migrations; economic imbalances; losses of capital), though he conceded that in the long run it might be better for everyone. Given the existing irreconcilable interests, politicians could never accomplish this overnight, even if by means of carefully drafted treaties. Salazar clung on to the century-old tradition of the nation state and to his belief in the virtues of nationalism, which was, he claimed, as deeply embedded in mind of the average European as the "instinct of ownership". Then there was the problem of the colonies, which would have to be absorbed by this supranational structure – an idea that might please those countries that had already lost them (Italy and Germany), but that would certainly meet, so Salazar believed, the opposition of the French and Belgians. Only when all these oppositions had been overcome and all the sacrifices made could this European State start rationalising its production based on the resources provided by the overseas territories. Salazar was still too obsessed with the colonising mission of Europe, but his assessment was right about one thing though: only Germany, thanks to its strength and capacity, would be able to lead the destinies of federation. In Salazar's projections, Britain plays

a special role, but never of subordination to the European project, as it already headed a federation of states. Full commitment to the European project would mean the loss of its world status as the members of the Commonwealth would start seeking other markets and trading partners. In Salazar's conservative perspective, a hypothetical union of states should never endanger an existing one. Therefore, Britain should go on being "a factor of balance between the United States and a federation where Germany will come to play a leading role." (*Idem*, 282-3)

Regardless of Salazar's misgivings about the future of Europe, the ambitious goals of the EEC and its impact on the European space could not be ignored, as Portugal's main trading partners were now gathered in a single economic and fiscal space where the Portuguese would have no say whatsoever. The new organisation would be following a common customs policy, making decisions that would certainly affect the country's economy for the years to come. Portugal was not alone in its apprehensions, for other members of the OEEC voiced similar concerns. In order to skirt the tariffs barrier of the EEC, in July 1956 Britain brought to OEEC Council of ministers the idea of an industrial free-trade zone (FTZ), where each country could still establish its own customs tariff, thus allowing the British and the Portuguese to keep their colonial preferences. The intergovernmental committee created to that effect and presided by Reginald Maudling failed to convince France and the other members of the EEC about the benefits of the FTZ. (Alípio 2006, 22-3) Nevertheless, even the FTZ presented the other members of the OEEC (Greece, Iceland, Ireland, Portugal and Turkey) with major difficulties. Their relative state of industrial underdevelopment could hardly be overcome if access to the European markets could not be guaranteed with special provisions. The absence of such conditions would have asphyxiated emerging industries and worsen their economic isolation, with negative impacts on unemployment and trade deficit. The agricultural sector was also problematic, including for the British themselves, who sought to keep the subject out of the talks. The Portuguese position took time to take shape and by the end of 1956 Portugal required

agriculture (which represented as much as 40% of its exports) to be included and a special industrial scheme to be set up. (Andresen-Leitão 2004, 286-8) Portugal's terms would be agreed on only later in October 1958, when an experts panel headed by J. A. Melander visited the country and met with ministers, public servants and economic lobbies. Correia de Oliveira, responsible for the diplomatic team, succeeded in driving home the message that Portugal was able to carry out major development projects, (Alípio 2006, 73) but still needed a longer transition period before it could comply with the customs obligations of the FTZ. By this time, Salazar could not afford to see the negotiations fail, as it would exclude Portugal from a European-wide agreement. (Andresen-Leitão 2007, 49)

4. Contacts Between the British and Portuguese Governments on the “European Initiative”

On 19 January 1956, Salazar delivered a speech that deserved the attention of the Foreign Office (FO 371/122022). In it he spoke of two movements occurring in the world, for some complementary, for others contradictory: nationalism, that formed the basis of numerous states; and internationalism (“and on occasions of even supranationalism”), which thrived in those countries that were “tired of their existence as independent nations.” It becomes obvious that in his case for nationalism, Salazar valorised national identity as the factor that legitimises the existence of the state. This argument, however, is a double-edged sword, as it also serves to justify movements for national self-determination, which compromises the very existence of the colonial powers. Here he tried to square the circle, arguing that such movements could lead to a multiplication of independent states that would lead to the “liquidation of what previously existed” and that would lack the capacity to “administer themselves with true independence” and to integrate themselves, in moral and juridical terms, in the international order. On the other hand, he conceded that internationalism did not necessarily entail the weakening of

the state. In fact, he admitted that “civilization seems to be heading towards uniformity; hence a reinforcement of internationalism in law and in the institutions charged with studying it and applying it, is to be expected”. He also agreed that in some areas cooperation among sovereign states, through the adherence to common statutes, could be a favourable factor in the solution of certain problems. In theory, Salazar had nothing to object to. When it came to the movement of European integration in the form of a federation or confederation, however, Salazar was less generous in his appraisal, as he believed there was “a certain obscurity” surrounding it. Why some states should defend it was something abundantly clear to Salazar, but he could not understand why others should accept, and even “bless”, what he called “this sort of national liquidation”. He was thinking of those states whose “heterogeneous and dispersed nature (...), the vastness of their interests outside Europe, the diversity of the institutions through which they govern themselves [and] the disparity of political and moral climates” should make them wary of such integration process. Portugal, in Salazar’s geography, occupied a peripheral position in Europe, which, instead of being a cause for concern, was considered “a gift of Providence”, as it allowed the regime to await – “in this corner of the Peninsula” – the future doctrinal developments of the question and to see how it would first be put to practice, if ever. Preferring prudence over precipitate action, he claimed that the government’s position was to defend “cooperation which grows steadily intimate and an increasing solidarity without prejudice of national autonomy, which still provides (...) the simplest form of progress and method of defending the interests of the peoples concerned.” And he concludes:

Our nationalism, constructive without being aggressive, cooperative without exclusiveness, but with its roots in the soil and in the souls of the people, may well continue to prove the best defence against daring experiments, the benefits of which unfortunately cannot be judged until after the real disadvantages they entail have been suffered. (underlined in the original)

A few weeks later, on 9 February 1956, Foreign Office officials analysed his speech and, in the minutes sent to Anthony Eden, they highlighted the fact that Salazar, while favouring cooperation on OEEC lines, was very critical of the "daring experiments" that might lead to what he called "national liquidation". While not entirely dismissing the possibility of a European federation, Salazar did not move an inch in relation to the positions he had expressed in the letter to van Zeeland three years before.

Despite Salazar's claims about the apparent self-reliance of the Portuguese regime in international matters, on 8 February, Charles Stirling sent the report of a meeting on 7 between a member of the Embassy staff and Dr Ruy Teixeira Guerra, Director-general of Economic Affairs at the Portuguese Foreign Ministry. It was suggested that the Portuguese delegate to the OEEC ministerial meeting should "discuss tactics" with H. Ellis-Rees in advance. Paulo Cunha wanted to know what the British line was on the Common Market, Euratom and Article 14 of the OEEC Convention, so that he and Salazar could concert a position before the Council. (FO 371/122022/M611/19)

Guerra's misgivings about Article 14 of the OEEC Convention (which stated that all decisions should be taken by mutual agreement and that the abstention of any member would not invalidate the decisions of the other members) had to do with the fact that it was a mechanism that prevented the national legislatures from rejecting both the Euratom and the common market. The unanimity rule, as it was worded, would allow some members to go ahead with whatever joint projects they wished without the risk of being blocked by members not interested in any particular case under discussion, and who would have to abstain. This meant that Europe ran the risk of splitting into two camps as some members would lose the ability to influence the development of the Messina project. In the memo sent to the Foreign Office, Stirling stated that the Portuguese government had realised that "it would be useless for them to put forward proposals unless you were in agreement; they needed to know in which direction you propose to give a lead in order that they might consider what support they could give."

The British government knew that the Messina countries would try to work out the Common Market scheme within the framework of the OEEC, but the British would not seek to encourage it. (FO 371/122022/M611/19) In fact, both Britain and the United States were aware that a six-nation community might "evolve protectionist tendencies". The Americans could hardly affect the chances of success of Messina, but the British were counting on American support to help them influence the outcome, working against the Messina plan by pushing their policy on the OEEC approach. On 20 January 1956, P. Thorneycroft, President of the Board of Trade, wrote to Eden, who was about to visit Washington, asking him to warn Eisenhower of the "grave political and commercial dangers which will ensue if a discriminatory bloc is set up by the Six". (FO 371/122022/63) Again, the concern was the commercial cohesion of the Commonwealth, which ran the risk of being "seriously disturbed if we are ousted from the European Market by the institution of a Common Market". This would leave Britain with no alternative but to discouraging the Six from going ahead with the project, even if that entailed "coming out in open opposition to their ideals". However, at the same time, Thorneycroft knew that if a Common Market came into being, the British could not afford to stay out. Like Salazar, he was also convinced that "the Americans are in a fool's paradise about Messina", and that are feeding an "illusion" about the Common Market, in the sense that they were convinced that it would strengthen Western Europe and would bind Germany into the western complex of nations. If a one-world trading system was ever to be built up, as both the British and Americans wanted, the customs union would pose a major threat, as the Messina countries would attenuate tariffs and other obstacles between themselves, but would discriminate against "the rest of us". (FO 371/122022/64) Still, he was aware that even among British businesspeople there were those who would prefer Britain to join the Six, as they would be ousted from the European markets through discrimination in favour of their German competitors. The British were, therefore, up against the wall: faced with having to choose between the Common Market and Free Trade, they preferred to attempt an impossible move, which

was to progress towards freer trade and payments throughout the world and at the same time to work against the protectionist policies that the Common Market would entail. This was justifiable in the eyes of the British as the European project would disrupt "present policies of cooperation and hopes of future benefits from the world trade and payment policies which are accepted by all OEEC countries", thus weakening the West and with the Germans going their own way. (FO 371/122022/14) There was yet another reason why the British, along with the Portuguese and the Norwegians, believed that the Messina plans were cause for serious apprehension. At the ministerial meeting of the North Atlantic Council held at Paris on 15-16 December 1955, these three countries were afraid of the impact that a new supranational organisation would have on the international balance of power in the context of the Cold War. A European union, dominated by Germany as its strongest element, could constitute a "third force" that might pursue neutralist policies and seek to take an independent position in relation to the USSR and the United States. (FO 371/122022/18) One final reason was that Britain would lose its leadership on European matters, a leadership that, so they claimed, was partly responsible for the recovery and cohesion of Western Europe, and for the creation of the OEEC, NATO and what they then called the Western European Union (WEU).

Later, by mid December 1956, Stirling tried to consult the Portuguese Foreign Minister, Paulo Cunha, on the idea of the Free Trade Agreement, but there were reports that he was ill (Marcelo Caetano would replace him from 26 December to 11 February). He then decided to debrief the Foreign Office on the views of the President of the Council, which in his opinion seemed to lack depth. (FO 372/128331) As the Ambassador stated, "Dr Salazar knew something about the question but I got the impression that he had not studied it deeply." In any case, Salazar knew that there were two opposing positions: that of the French, who were insisting on "the inner circle, or Customs Union, and wanted to bring in overseas territories"; and that of the British, who defended "the outer circle, or Free Trade Area, and did not want to include territories outside Europe." Again, Salazar was particularly cautious about foreseeing

"the exact consequences of changes in economic structure such as were now being proposed." This wariness made Stirling conclude that "the Portuguese will not be very forthcoming on this proposal". However, he thought that they were not likely to take a strong line against it: "they would, I think, be nervous of being left out in the cold, and I should imagine that if solutions on the lines of your paragraphs 6, 7 and 8, can be considered it ought to be possible to bring them in". In the Foreign Office minutes, J. M. Keaton, commenting on Stirling's report, observed: "we do not want the Portuguese to be too forthcoming; but it would be useful to know where they stand on relating overseas territories to the free trade area. However, their attitude will no doubt emerge, possibly at the meeting in Brussels on January 11".

However, even the British were struggling to drive home their own vision and terminology of the FTA. On 4 January 1957, the Foreign Office instructed the British Embassies that they should refer to the Messina powers by the title of "Customs and Economic Union". On the other hand, the group of six countries to join the Messina powers in an FTA (Britain, Norway, Sweden, Denmark, Austria and Switzerland) "should not be described by a separate name so as to avoid any possible implication that this group and the Customs and Economic Union are co-equals". (FO 372/128331/415) In the draft version, the original sentence read "that they are a rival organization to the Customs and Economic Union". They insisted that the FTA should "include (and not merely be associated with) the countries of the Customs & Economic Union", and that the term "common market" should be avoided to describe either the Customs Union or the FTA. They also stressed that even the FTA should be called "European Industrial Free Trade Area". The British Embassy in Paris objected to these terms. While agreeing with the concept of FTA, they stressed that using the term "Customs Union" in France would present them with a problem, as "the French are unrepentant adherents of the term 'marché commun'". If they started talking about a "Customs Union", it would not only increase the confusion among their French peers, but it would also constitute for them a painful reminder of the German "Zollverein". They concluded that "Marché Commun has much happier 'European' connotations". (FO 371/128331)

On 7 February, the British government would send a memorandum to the OEEC as a White Paper (Cmnd. 72) about the free trade area, which would not be entirely welcome by the other OEEC countries. (Ellison 2000, 127) This document was an attempt to regain negotiation power after the British delegation withdrew in November 1956 from the work of Intergovernmental Committee, which had been set up at the Messina Conference. Britain expected the FTA to serve three purposes: firstly, to reinforce its position in relation to the Imperial Preference system, if it succeeded in maintaining it; secondly, to ensure that its dominant role in the OEEC would not be questioned; finally, to influence the process of European integration by seeking to bind the FTA with the Common Market. Paragraph 14 of the memorandum was particularly controversial, as it concerned the effect of the loss of the preferential position of the Commonwealth countries and the colonial territories on the British market. To the other members of the OEEC, the British government's position was rather ambiguous, a fact that the British Prime Minister sought to explore to his advantage in the negotiations, as he hoped to the very last minute that the Imperial preference could be retained. (Camps 2015, 115) The whole strategy backfired and the meeting did not run as expected. There was strong opposition (especially from the Danes and Dutch) to the British intention of excluding agriculture from the proposed FTA. The more the British trade delegates insisted on the need for both the FTA and the Common Market to come into existence at the same time, within the same timetable for trade liberalization so as to prevent discrimination among the members of the OEEC, the less receptive were the other delegates. (Ellison 2000, 104) M. Spaak wanted to avoid a slowing-down of the negotiation process of the Treaty of Rome at all costs, (Camps 2015, 116) and although Paul Erhard, the German Minister of Economic Affairs, might be more sympathetic towards the British preference for a free trade area, the French were intellectually opposed to a system exclusively limited to matters of free trade. When the Treaty of Rome was finally signed, the British were still struggling to prove the benefits of the FTA to the founding members of the EEC.

Conclusion

Britain, who once owned an empire “where the sun never set”, somehow started realizing that it was rapidly losing control of world affairs. First in Asia, then in Africa and now in Europe. When the Messina powers started redrafting the whole geopolitical and economic map of Europe, the British wanted to be in – that is, to enjoy all the benefits of the Common Market – and, at the same time, to be out and to go on trading with whomever they wanted, especially with the Commonwealth countries and the United States. For Britain, it all boiled down to trade and payments and tariffs. In the negotiations leading to the Treaty of Rome, Britain tried to play the age-old game of divide and rule, by seeking the support of Ludwig Erhard and the champion of free competition, while exploring the fears of the French towards West Germany’s economic miracle. However, the British underestimated the political and social dimension of the European project and the need for France and Germany to avoid another conflict at all costs – something that could only be secured through a political vision that could transcend the logic of nationalism and of imperial arrogance. This logic had twice dictated the downfall of Europe in the twentieth century, and yet it still resonated with the views of key politicians in the corridors of power in London and Lisbon.

In fact, Salazar was too absorbed in stoking the flame of an empire he was convinced would not only restore the country’s grandeur, but also guarantee a certain degree of economic self-sufficiency. The idea of creating the Portuguese Economic Space was an attempt to find a solution – within the scope of domestic politics – to the major challenges the world economy was then facing, while seeking to enhance the status of the regime and to reinforce the territorial cohesion of what he believed was an eminently overseas nation. He persisted in this course despite the unequivocal signs of the gathering storm that was about to precipitate the downfall of the colonial project in the years to come. On the other hand, in Salazar’s eyes, Europe had been, for decades, a constant source of trouble and, to a large extent, he

remained wary of the Franco-German rapprochement and of how the new European project would play out. Unable to understand the full potential of that rapprochement and unwilling to meet the democratic demands both at home and abroad, Salazar preferred to remain aloof from continental politics. In that respect, he found it quite convenient to hide behind Britain's qualms about the European Economic Community.

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