On 1 January 1958 the Treaties of Rome formally came into force marking a turning-point in Europe’s history.\(^1\) To maintain parity with the Six, the British hoped to finalise the FTA Convention in time for the first EEC tariff and quota reductions exactly one year from this date. There was, however, an immediate complication for British plans. On 9 January, the Ambassador to Paris, Gladwyn Jebb, informed the Foreign Office of the French government’s intention to submit a counter-plan to the FTA.\(^2\) This produced an anxious response in Whitehall with fears that the French were ‘simply finding the best way of stalling or, worse, of artificially putting [Britain] in the wrong instead of themselves’.\(^3\) From January to May 1958, the government struggled through a period of impending crisis in the FTA negotiations months before their final collapse. The proposals of the French counter-plan not only complicated the OEEC negotiations but also exposed an incongruity in Britain’s external economic policy. The price of French agreement to the FTA was access to the preferential markets of the Commonwealth and tariff harmonisation to deal with the problem of defining the origin of goods entering the FTA. Britain’s response to this predicament confirms that the FTA was founded in traditional policies but also that Whitehall was prepared to make an unprecedented concession on external tariff harmonisation to secure a relationship with the EEC. As ministers were about to implement this advance in policy, however, a *crise de régime* threatened the Fourth Republic and momentarily threw the whole situation out of kilter. To establish a background to these arguments, it is necessary to look first at how Whitehall perceived Britain’s external economic and foreign policies in 1958.
‘The position of the United Kingdom in world affairs’

In December 1957, Harold Macmillan initiated a comprehensive review entitled ‘The Position of the United Kingdom in World Affairs’ which, like its predecessor under Anthony Eden in 1956, aimed to analyse government expenditure against Britain’s essential interests. As the review involved each of the main Whitehall departments stating exactly what those interests were, it provides an important source for the historian of general British policy in the late 1950s. Economic policy was the primary focus for departmental studies although wider questions were raised by officials, including Britain’s policy towards Europe. As such, the review process reveals the importance of European co-operation for Britain, but confirms that despite the FTA, the Macmillan government departed little from traditional British attitudes pursued in the post-war period. It was these attitudes which would be called into question by the French counter-plan in the Maudling Committee negotiations.

There were two common denominators in departmental submissions on Britain’s external policies: first, the necessity of maintaining the value of sterling as an international currency, and second, Britain’s dependence on trade for the health of its economy, its living standards and its international position. In its review, the Foreign Office restated the main policy goal pursued in common with the United States and other allies, namely ‘the prevention of global war and the spread of Communism’. However, revealing the relationship between foreign and economic policy, the Office added that the United Kingdom also pursued the individual goal of gaining through trade ‘the strength to play [its] part in these international objectives’. According to the Commonwealth Relations Office, Britain’s global status was dependent on its leadership of the Commonwealth, which set it aside from Continental European powers. This leadership was preserved by political ties but more significantly by economic links, mainly the volume of intra-Commonwealth trade and the status of sterling as the currency of the Sterling Area. For Britain, as the Treasury noted, the international value of sterling was ‘a matter of life or death’.

Since the early 1950s, British governments had sought the international convertibility of sterling not as an end in itself but as a means of freeing multilateral trade. In its review of external economic aims, the Treasury explained that Britain survived by buying, processing and selling: ‘Thus we must import; and therefore must