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# Middle powers in the global economy: British influence during the opening phase of the Kennedy Trade Round negotiations, 1962–4\*

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**Abstract.** This article reassesses the preparatory negotiations which launched the Kennedy Trade Round (KTR) of the General Agreement on Tariffs and Trade (GATT), in search of a role for Britain. My purpose is to make two challenges, one theoretical, the other empirical. Theoretically, this study questions the predominant focus on the structural power of major states that characterizes the study of international relations in general, and of the GATT in particular. This is a case-study of middle power influence that focuses on the negotiating skills and experience of state-level actors at the KTR. Empirically, I question the generally accepted view that the Anglo-American special relationship was merely a British myth and had no significance to US foreign policy interests in the 1960s.

Kenneth Waltz argues that ‘the story of international relations is written in terms of great powers’.<sup>1</sup> In his view, outcomes in the international system are determined by relations between great powers because great powers have immense material power capabilities. By contrast, middle powers have few resources to influence great powers either as competitors or as allies.<sup>2</sup> In the international system as Waltz conceptualizes it, middle powers are unlikely to have much influence.

Yet, as this article shows, Britain did exert considerable influence on US policy and strategy during the opening phase of the Kennedy Trade Round (KTR) of the General Agreement on Tariffs and Trade (GATT). British influence is explained by the negotiating skills and experience of the British delegation in Geneva.<sup>3</sup> Britain was a middle power with few material power capabilities, but the non-material resources of state-actors were utilized to exert influence on a great power, influence which determined the outcome of the opening phase of the KTR.<sup>4</sup> The close

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<sup>1</sup> K. Waltz, *Theory of International Relations* (New York, 1979), p. 72.

<sup>2</sup> *Ibid.*, pp. 182–3.

<sup>3</sup> For detailed analysis of international cooperation which focuses on the knowledge and skills of state actors see P. Haas (ed.), *Knowledge, Power, and International Policy-Coordination*. Special issue of *International Organization*, 46 (1992).

<sup>4</sup> I do not present a theory of middle powers. For detailed discussion of middle powers and middle-power theory see L. Neack, ‘Linking State Type with Foreign Policy Behavior’, in L. Neack, J. A. K. Hey and P. J. Honey (eds.), *Foreign Policy Analysis: Continuity and Change in its Second Generation*, (Englewood Cliffs, NJ, 1995); L. Neack ‘Empirical Observations on Middle Power Behaviour at the Start of a New International System’, *Pacific Focus*, 7 (1992), pp. 5–22; C. Pratt (ed.), *Middle Power Internationalism: The North-South Dimension* (Montreal, 1990); and B. Wood, *Middle Powers and the General Interest* (Ottawa, 1988).

diplomatic ties that are a feature of the Anglo-American relationship assisted British influence on the US. Far from being 'played out', as former US Secretary of State Dean Acheson would have us believe, the so-called Special Relationship provided the context for fruitful cooperation between Britain and the US during the KTR.

Existing accounts of the KTR have missed this British influence. These accounts are based either on the personal experience of US officials or on secondary material, and written almost exclusively from an American perspective.<sup>5</sup> They concentrate on US–European Economic Community<sup>6</sup> (EEC) dialogues, and little mention is made of other participants. This narrow focus, whilst understandable at the time of writing—when most official records were closed to public scrutiny—needs re-examination. Recently opened documents provide a broader perspective of the KTR negotiations and reveal an active and creative British role.

### Background to the negotiations

The preliminary KTR discussions began in 1962 and were soon affected by French President de Gaulle's rejection of British membership of the EEC in January 1963. This event both demonstrated the dominant influence of the French in EEC decision-making, an influence which would continue to be a key feature in the GATT discussions, and gave renewed impetus to Anglo-American diplomacy. Since the onset of the Cold War, London and Washington had shared a long-term commitment to the strengthening of the Atlantic Alliance in Europe and had thus cultivated 'joint solutions to joint problems'.<sup>7</sup> Going into the KTR, the joint problems they faced were not limited to high EEC tariffs; there were also the political difficulties caused by exclusion from EEC decision-making and French anti-Atlanticism. The US had supported and encouraged British membership of the EEC, in the expectation that it would boost US influence in Europe via Britain. Of course, this joint interest was precisely the reason de Gaulle blocked British membership, fearing Britain would be a Trojan horse for US influence. Indeed, the *non* to British membership demonstrated that the EEC countries, especially France, took for granted that the Anglo-American relationship was close and was an important factor in US foreign policy.

French wariness of US intentions in Europe restricted the opportunities for direct US influence on EEC policy during the GATT discussions. Britain, however, had an ace up its sleeve. It was a full participant in various European organizations, such as the Western European Union (WEU) and the European Free Trade Association (EFTA) which had long been negotiating with the EEC on trade matters. These links, and persistent British efforts to join the EEC had established channels of

<sup>5</sup> See G. Curzon and V. Curzon in R. W. Cox and H. K. Jacobson (eds.), *The Anatomy of Influence: Decision Making in International Organizations* (New Haven, CT, 1973); T. B. Curtice and J. R. Vastine, Jr, *The Kennedy Round and the Future of American Trade* (New York, 1971); K. Dam, *The GATT: Law and International Economic Organization* (Chicago, 1970); J. W. Evans, *The Kennedy Round in American Trade Policy: Twilight of the GATT?* (Cambridge, MA, 1971); E. Preeg, *Traders and Diplomats: An Analysis of the Kennedy Round of Negotiations under the GATT* (Washington, DC, 1970).

<sup>6</sup> The title of what is now the European Union.

<sup>7</sup> A. P. Dobson, *The Politics of the Anglo-American Special Relationship* (Brighton, 1988), p. 239.

communication which the US was glad to be able to tap into, via the Anglo-American relationship, during the opening phase of the KTR. This tactical cooperation suited both sides, given the fact that London and Washington envisioned a joint solution to their common trade problems. Summarizing policy positions early in 1963, a British Foreign Office official stated, 'There is a basic identity of policy between the Americans and ourselves because we are both out to reduce barriers to international trade on a multilateral basis.'<sup>8</sup>

### The importance of middle powers in the GATT

How the GATT system, a post-World War II multilateral trade organization based around a small institution lacking formal decision-making powers, generated cooperation between rival trading nations and blocs is an interesting question. One answer is that US leadership and/or hegemony was the decisive factor.<sup>9</sup> Young's recent analysis of regime formation demonstrates, however, that structural power alone cannot produce cooperation. Hegemonic leaders, he argues, need to employ leadership skills to invent 'institutional options' (regimes) to encourage cooperation.<sup>10</sup> Still, the focus is on the influence of major states in regime formation and management.<sup>11</sup>

Accounts of the KTR written in the early 1970s, a time when signs of US hegemonic decline were all too evident, argue that the difficulties the US faced due to its declining hegemony weakened its hand in the GATT negotiations. No longer a hegemon, the US could not impose its liberal trade policy in Western Europe. Indeed such actions would have proved counterproductive given French anti-Atlanticism. Thus the relative weakness of US leadership, especially *vis-à-vis* the EEC, becomes the decisive factor in explaining the outcome of the KTR.

State Department officials tended to see the KTR as one of the 'immediate issues of key importance in Europe'.<sup>12</sup> This affected the US negotiating position *vis-à-vis* the EEC whose tactics were very much influenced by the perception that the US could not afford a failure of the Round. It 'encouraged the belief that the American negotiators would finally be forced either to increase their own concessions or accept a level of offers from others previously rejected as inadequate'.<sup>13</sup> The emergence of the EEC as a powerful actor was the major difficulty confronting the US in the negotiations. US leadership of the GATT was for the first time being tested.

The successful outcome of the KTR is usually explained with reference to the series of mostly conflicting dialogues between the US and the EEC. As scholars weave through this conflict, waged largely over industrial and agricultural tariffs, they

<sup>8</sup> PRO FO 371/172443, memo. by D. P. Reilly, 31 Jan. 1963.

<sup>9</sup> Dam, *GATT*; C. Lipson, 'The Transformation of Trade: The Sources and Effects of Regime Change', in S. Krasner (ed.), *International Regimes* (Ithaca, NY, 1983).

<sup>10</sup> O. Young, 'The Politics of International Regimes Formation: Managing Natural Resources and the Environment', *International Organization*, 43 (1989), pp. 349–75.

<sup>11</sup> For an illustration of middle power influence at the Uruguay Round see R. A. Higgott and A. F. Cooper, 'Middle Power Leadership and Coalition Building: Australia, the Cairns Group and the Uruguay Round of Trade Negotiations', *International Organization*, 44 (1990), pp. 591–632.

<sup>12</sup> Report, 'Problems ahead in Europe', 5 Mar. 1967, NSF, Meetings File 2, Vol. 4, Tab 51, LBJ Library.

<sup>13</sup> Evans, *Kennedy Round*, p. 276.

argue that success or failure of the Round depended on the outcome of this two-actor dialogue. Two questions arise from this over-concentration on the 'struggle for power' between the two major actors. First, how were conflicts settled in the negotiations? Second, what were other participants doing? My contention is that by focusing on the second question we can better answer the first. The scant attention given, until now, to other states' behaviour suggests that other participants were passive bystanders. Can this really be the case? What of Japan and Britain, countries which, because of their high levels of trade, had a high stake in global trade relations?

Sceptical of the assumed passivity and invisibility of these middle power participants, I researched the British official records to see what the British delegation were doing. The records tell an interesting story of British influence, and offer a broader perspective on how conflict was resolved at the KTR.

It is not surprising that the role of Britain in the KTR and the international system as a whole during this decade has received little attention. Britain had, by the 1960s, lost its status as one of the Big Three powers. It was a middle power in economic decline.<sup>14</sup> This deterioration, along with the loss of Empire, and foreign policy embarrassments such as the Suez crisis and the Skybolt decision, made Britain's role in the international system difficult to specify. Former US Secretary of State Dean Acheson was frank in his assessment of Britain's predicament in 1962 when he argued that 'Great Britain had lost an empire and has not yet found a role. The attempt to play a role . . . based on the "special relationship" with the United States . . . is about played out'.<sup>15</sup>

Contrary to this widely accepted view, I find that the context of the Special Relationship provided an opportunity for British influence at the KTR. Influence is a crucial concept in the study of politics. Generally, it is defined as 'the modification of one actor's behaviour by another'.<sup>16</sup> More specifically, influence here is defined as the modification of US behaviour by Britain. US and British government documents of the period reveal this influence on a number of significant issues during the GATT discussions. Here, the preparatory phase of the negotiations from 1962, through the Ministerial Meetings in May 1963 and May 1964 launching the Round, to the tabling of industrial exceptions in November 1964, is examined.

### **Anglo-American relations and the KTR**

Though the Special Relationship in the 1960s did not have the strategic significance it had during World War II and the early Cold War period, the history of the relationship created a network of elite-level linkages. These persisted and helped facilitate dialogue between the two states. During the 1960s, Anglo-American diplomacy was brought to bear on several issues: Cuba, Vietnam, the trilateral negotiations with West Germany, and the British sterling crisis. The conflict of interests and difficulty in achieving common positions over these issues strained the relationship, providing plentiful evidence of divergent interests. The economic

<sup>14</sup> Several studies identify Britain as a middle power. See Cox and Jacobson (eds.), *Anatomy*; C. Holbraad, *Middle Powers in International Politics* (New York, 1984); Wood, *Middle Powers*.

<sup>15</sup> D. Nunnerley, *President Kennedy and Britain* (London, 1972), p. 1.

<sup>16</sup> Cox and Jacobson (eds.), *Anatomy*, p. 3.

decline of Britain and the asymmetries of power between the two states meant that Britain's significance to the US, at best, fluctuated. Adopting the Achesonian logic, most conclude that the Anglo-American relationship was a British myth.<sup>17</sup> Plainly, few who study the strategic and military aspect of Anglo-American relations think otherwise.<sup>18</sup> Nevertheless, examination of the trade diplomacy aspect of the relationship in a European context suggests the continued relevance of the relationship to both.

As large trading nations, the US and Britain shared a vital interest in maintaining and extending the international liberal trade system. The Kennedy and Johnson administrations saw increasing exports as the remedy for growing budget deficits. Britain, whose exports accounted for 13.5 per cent of its gross national product, sought to halt its economic decline through the same means.<sup>19</sup> In contrast, the EEC countries were trying to build and extend common external tariffs and increase intra-European trade. Though economic liberalism forms the core of the Treaty of Rome, they had less interest in supporting liberalization of particular trade interests, especially agriculture.

The convergence of US and British economic interests led to shared diplomatic concerns within the European context. Both countries wanted to increase their influence in Europe in order to restrain the protectionist impulse of the EEC and counter the growing anti-Atlanticism fostered by de Gaulle. British trade with Europe was increasing: 40 per cent of Britain's trade was with the EEC, and only 15 per cent with North America, a powerful economic reason to seek EEC membership. The US encouraged and supported British entry, primarily because of the political advantages. Britain was the closest of allies, and British policy towards Europe fell in line with that of the US. British membership, it was argued, would increase the influence of both in Europe. These economic and political interests came together in the KTR, leading to high levels of tactical and policy collaboration in a concerted effort to complete the negotiations.

### **Conditions for British influence**

Britain was the foremost economic and political ally of the US in the negotiations, and the pre-existing Special Relationship facilitated cooperation between the two. These factors alone, however, are not sufficient to explain British influence. Other conditions were necessary. They were: (1) the existence of conflict between the two major participants—the US and the EEC; (2) a similarity of British and US trade interests; (3) a tendency of Britain and the US to adopt joint policy positions, especially when they faced opposition from the EEC. The structure of GATT is also important.

<sup>17</sup> See, e.g., D. Reynolds, *Britannia Overruled: British Policy and World Power in the 20th Century* (Essex, 1991); A. Dobson, *Anglo-American Relations in the Twentieth Century: Of Conflict, Friendship and the Rise and Decline of Superpowers* (London, 1995).

<sup>18</sup> T. Risse-Kappen, *Cooperation among Democracies: The European Influence on U.S. Foreign Policy* (Princeton, NJ, 1995), provides examples of British influence on US security policy in the 1960s. See esp. pp. 210–15.

<sup>19</sup> T. W. Zeiler, *American Trade and World Power in the 1960s* (New Haven, CT, 1992).

Cox and Jacobson's study of influence in international organizations provides a useful framework for understanding decision-making in the GATT. They categorize the GATT as a 'forum' organization, meaning it provides the framework of decision-making on international trade issues but does not make decisions itself or conduct an independent trade policy.<sup>20</sup> Policy-making remains the responsibility of states acting within the context of the organization. The context of the organization sets the rules and procedures for the conduct of decision-making. In contrast, international organizations that make policy decisions independently of states are described as 'service' organizations.<sup>21</sup> This distinction is highly significant. As a 'forum' organization the GATT lacked a large bureaucratic staff: its secretariat in the 1960s numbered less than 400. This removes a set of actors seen as a significant variable in the decision-making processes of 'service' organizations. Without this layer of actors, influence in the GATT is the preserve of national representatives and their advisers, not the officials and executives of the GATT organization. As the key actors in the KTR, mostly sheltered from domestic and pressure-group politics as I explain below, their communications and reports tell the main story of the negotiations. What follows is an analysis of some of the deliberations of the British and US participants.

### **Early conflicts: agriculture and tariff formulae**

The US Trade Expansion Act (TEA) of October 1962 gave the President powers to negotiate tariff reductions with other countries and provided the impetus for preparatory trade talks leading to the launch of the KTR in May 1963. The TEA gave the US executive authority to seek tariff cuts of 50 per cent on a linear basis (as opposed to the item-by-item approach of previous trade negotiations). It specifically mentioned the aim of reducing tariffs on agricultural products as well as industrial products. The US laid out these two fundamental goals in preliminary meetings with the EEC and Britain. Although there was consensus on the need to reduce trade barriers, the EEC had basic differences with the US over its two key demands. The EEC was reluctant to include agriculture so early in the negotiations pending internal agreement on the Common Agricultural Policy (CAP). The Six also resisted adoption of a 50 per cent linear tariff cut without a formula to level out tariff disparities. They pointed to the high level of several US tariffs compared to European ones, which meant that even after 50 per cent reduction, US tariffs would remain higher than European rates. From the onset of the negotiations, this conflict between tariff reduction (the US position) and tariff harmonization (the EEC position) posed a problem.

These basic differences had to be overcome before the KTR could get started. Britain was perhaps more eager than any other country to jump-start the negotiations. Since Britain had failed to become a member of the EEC, completion of the KTR was essential to British trade interests as the only means of removing trade barriers between the EEC and EFTA, of which Britain was a member. The Six were

<sup>20</sup> Cox and Jacobson (eds.), *Anatomy*. See also J. A. Finlayson and M. W. Zacher, 'The GATT and the Regulation of Trade Barriers', in Krasner (ed.), *International Regimes*.

<sup>21</sup> Two of the examples given are the International Monetary Fund and the World Health Organization.

wary of an 'Anglo-American Directorate' in the KTR, and tended to resist British just as much as American pressure.<sup>22</sup> Furthermore, the prospect of future British membership reduced the value of British offers at the KTR. Any tariff cuts Britain offered might have only temporary benefit. For these reasons, Britain's negotiating influence was mainly with the US and the other EFTA countries.

The British position on both the points at issue between the US and the EEC was delicate but equivocal. On agriculture, Britain generally supported the US position for tactical reasons. British interest in EEC reductions in agricultural tariffs was slight. Trade in agricultural products with the EEC was minimal, and the system of Commonwealth preferences meant that Britain maintained high agricultural tariffs itself. Trade with the EEC was mostly in industrial products, and it was tariffs on these that Britain wanted to reduce. The difficulty with this was that from the outset the US emphasized the importance of reductions in agricultural tariffs. Britain feared that if the US failed to obtain a satisfactory agreement on agriculture, the KTR would fall at the first hurdle. Indeed, British diplomats acknowledged during the four years of negotiations that the 'Kennedy Round will succeed or fail in the agricultural sector'.<sup>23</sup> Britain adopted a strategy of persuading the US to push ahead on industrial tariff discussions to avoid an impasse, while providing assurances that Britain was fully supportive of the US position on agricultural tariffs and would actively pursue the inclusion of agriculture in later discussions.

### US policy shifts

From the passage of the TEA in October 1962 to the tabling of industrial exceptions lists in November 1964, the US negotiators accepted compromise deals on the two fundamental issues outlined above: the linear tariff formula and agricultural tariffs. Both required major shifts in US policy.

At the May 1963 GATT Ministerial Meeting the US accepted a compromise on the general rules on industrial products, namely, a 50 per cent linear tariff reduction as a working hypothesis rather than as the binding rule the US had pressed for since the opening of discussions. Industrial tariffs would be subject to a 50 per cent reduction, but countries would be allowed to draw up exceptions to this. Consequently, most tariff reductions would not be negotiated on a linear basis, but item-by-item as discussions concentrated on the exceptions lists.

The US and the British agreed that exceptions lists should be kept to a minimum. Concerted efforts took place to create a formula to set quantitative limits.<sup>24</sup> Again the US representatives found themselves at odds with their EEC counterparts who argued that US insistence on the 50 per cent reduction would necessitate large exceptions lists due to the problem of disparities already identified in the initial discussions. The Six, therefore, would not accept a formula restricting exceptions. Instead, the EEC put forward its so-called *écritement* plan, which proposed unequal

<sup>22</sup> Cable, American Embassy to Department of State, 23 May 1963, NSF, NSC UK Country File, box 209, LBJ Library.

<sup>23</sup> PRO FO 371/178090, Cabinet paper, Secretary of State for Foreign Affairs, 31 Mar. 1963.

<sup>24</sup> PRO BT 303/143, President's Office Minute 392, 25 Apr. 1963.



linear cuts to harmonize tariffs and thus limit the need for exceptions. The US rejected the *écritement* formula on the technical grounds that it went beyond the authority of the TEA since it required the cutting of some tariffs by more than 50 per cent.

The essential difference between the US percentage formula and the EEC *écritement* plan was one of lower tariffs versus harmonization. This issue loomed so large that it threatened the launch of the KTR. Yet by the next GATT Ministerial Meeting of May 1964 the US had dropped its formula and accepted a compromise deal drawn up by the British, a deal which owed more to the EEC line than that of the US. This was a big shift in US policy.

Another example of US flexibility occurred in the agricultural sector. In May 1963 the US held fast to its desire to see agricultural tariffs included in the initial negotiations. By May 1964 it came away from the Ministerial Meeting with no such commitment from the EEC, yet it tabled industrial exceptions in November 1964 despite the lack of progress in agriculture.

These US policy shifts were not the result of Congressional pressures or of intra-departmental politics. The strongest indication that domestic influences were absent is that these would have prevented the US negotiators from accommodating British and EEC priorities. The Congressional line at the time was clearly protectionist; any influence it may have had would have resulted in a harder line *vis-à-vis* the EEC, particularly on agriculture. A powerful Congress would not have allowed the shunting of discussion on agricultural tariffs. Besides, Congress was not an influential factor. Though the US Constitution assigned Congress prime responsibility for trade policy, executive autonomy was secured by the 1934 Reciprocal Trade Act and the TEA in 1962. The State Department was insulated from Congressional pressures at this time. George Ball, US Under-Secretary of State, told Board of Trade (BOT) officials 'Congress was more noisy than effective' and that it 'could not affect the negotiations in the Kennedy Round'.<sup>25</sup>

Nor can US flexibility, especially the climbdown on agriculture, be explained by intra-departmental politics. Here we would expect to find a shift in influence away from Agriculture to State. But, according to one account, Orville Freeman, Secretary of Agriculture, was a marginal figure in trade policy discussions.<sup>26</sup> State, it seems, was always in a dominant position in the trade policy process.<sup>27</sup>

Another possible source of influence which might explain the shifts in US policy would be the EEC. However, as stated above, the relationship between the US and the EEC was difficult. There was little agreement between the two on either broad policy outlines or particular tariff issues. The EEC was not committed to a successful KTR, being more interested in the establishment of the Common External Tariff. This stance produced a reluctance to compromise. French dominance within the EEC had the potential to disrupt the entire KTR. Christian Herter, US Special Trade Representative (STR), acknowledged that 'the French did not necessarily wish the KTR to succeed' and that '[d]e Gaulle might call an end to

<sup>25</sup> PRO BT 303/95, Note of meeting between BOT and US State Department, 4 Mar. 1963.

<sup>26</sup> Transcript, Anthony Solomon Oral History Interview, 18 Nov. 1968 by Paige E. Mulhollan, LBJ Library.

<sup>27</sup> Dryden points out that both Commerce and Agriculture wanted a showdown with the EEC over agricultural tariffs. That this did not happen illustrates the dominance of State's views on trade policy. S. Dryden, *Trade Warriors: USTR and the American Crusade for Free Trade* (New York, 1995).

the whole process'.<sup>28</sup> This lack of goodwill on the part of the EEC, coupled with the anti-Atlanticism of de Gaulle, created a lack of trust between the US and the EEC, limiting the prospects for successful negotiations.

### **Clothing the emperor: Anglo-American economic diplomacy**

A much better explanation for US policy compromises, as is clearly evident in the documents, is British influence. As early as November 1962, the British and US participants were meeting to exchange ideas and work out joint positions for the KTR.<sup>29</sup> Many similar meetings would follow during the course of the Round.

In analysing two years of such meetings from November 1962 to November 1964, the aim here is to identify two aspects of British influence: (1) how British influence shaped the US view of the KTR negotiations; (2) how Britain influenced the stakes the US weighed in their own calculations.

The main tactic of the British in these early meetings was to urge the US to take the lead in the negotiations, and to encourage the US to offer compromises to the EEC to prevent deadlock. At the May 1964 Ministerial Meeting the adoption of the British formula for industrial exceptions and agreement to delay agricultural tariff talks were sufficient to get the KTR officially started. BOT and FO documents indicate exactly how hard British officials worked to achieve the necessary shifts in US tactics and policy. David Ormsby-Gore, British Ambassador in Washington, cabled:

we had another good talk with Herter this morning and found ourselves in general agreement on strategy for the May 4th meeting and the immediately following period in GATT discussions. I think it is now much less likely the Americans will allow themselves to be led into a public confrontation with the Six at the Ministerial meeting.<sup>30</sup>

A British official noted after the meeting, 'perhaps the pressure we exerted on the Americans to avoid a showdown with the Six may have been helpful here'.<sup>31</sup>

This pressure had come at two vital meetings in Washington in February and April 1964. In February a large British delegation led by the Prime Minister, Sir Alec Douglas-Home, made a two-day visit to Washington to discuss the KTR with the Johnson administration. The delegation included R. A. Butler, the Foreign Secretary; Harold Caccia, Permanent Secretary to the FO; Richard Powell, Permanent Secretary to the BOT; Ambassador Ormsby-Gore and his finance minister at the Embassy, Eric Roll. As well as the President, the American team included Secretary of State Dean Rusk; high-ranking State Department officials such as William Tyler and Robert Schaetzel; STR Christian Herter; National Security Advisor McGeorge Bundy; and Ambassador to Britain David Bruce. The focus of the discussions was the shared difficulties with the EEC. Both British and American records of these meetings show how Britain influenced the US view of

<sup>28</sup> Memo., 12/2/64, 'The Kennedy Round', NSF, UK Country File, box 213, LBJ Library.

<sup>29</sup> PRO FO 371/172336, Note on BOT meeting with US Officials, 23 Nov. 1962.

<sup>30</sup> PRO BT 303/301, Telegram No. 1504, 22 Apr., 1964.

<sup>31</sup> PRO FO 371/178091, Brief by J. A. M. Marjoribanks (FO), 7 May 1964.

EEC intentions and induced a shift in American calculations regarding what could be achieved at the upcoming Ministerial Meeting.<sup>32</sup>

Briefs for the bilateral talks with US officials written by the BOT and the UK Ministry of Agriculture, Fisheries and Food (MAFF) indicate the intention of the British to attempt to reconcile the differences between the US and EEC positions.<sup>33</sup> Noting that preliminary discussions at the May 1963 meeting had failed to solve these problems, the BOT brief pointed out that 'the U.S. government will shortly face crucial decisions between risking the failure of the negotiations and modifying their own objectives and approach'. The report went on to say that the State Department would be more flexible and more inclined to want to avoid a showdown compared to the Department of Agriculture and that Christian Herter 'may stand somewhere in between'. Recognizing the more effective route for British influence, the report recommended that 'our officials should work as closely as possible together with Governor Herter's office and the State Department in considering the best means of bringing the negotiations to a successful conclusion'.<sup>34</sup> The FO brief was candid in its assessment of which particular US officials were more receptive to British influence. It recommended that 'Sir Robert Powell should meet Mr Herter because he has an open mind and Mr Ball because he was amenable to argument', and suggested that his visit in February 1964 'might provide an opportunity to influence Mr Ball and Mr Herter at a time when the Americans were beginning to re-appraise their policy, but while their thinking was still at a formative stage'.<sup>35</sup> The MAFF brief argued that the US position on agriculture and its insistence on a linear-cuts approach were 'too rigid'. Britain must address the EEC-US impasse using the Anglo-American relationship in order to 'encourage the Americans not to adopt too negative an attitude to the Community's proposals'<sup>36</sup> and 'to prevent the United States demand for concessions on agriculture being pressed so far as to endanger the prospect of an exchange of concessions on the duties on industrial products'.<sup>37</sup>

A subsequent account of three-way 'private talks' over dinner between British, US and Community officials illustrates the crucial role of the British. In a letter to the FO, William Hughes, a member of the British delegation, reported frank discussions with Theodorus Hijzen and Jean Rey of the Commission. From these Hughes gleaned that the EEC members were keen to pursue bilateral talks with the British as a solution to the impasse with the US. Rey spoke of 'our British friends' and was receptive to the British 'compromise on the lines of the Montan draft'. Hughes illustrated the tensions between the US and EEC, referring to an instance when 'George Ball came along and gave Rey quite a good dressing down'.<sup>38</sup> The British compromise suggested a varied approach to agricultural tariffs, involving commodity agreements for major primary products such as cereals, linear cuts for processed food products, and assurances of access for other products. This was not

<sup>32</sup> PRO FO 371/178903, BOT Brief on Washington talks, 13 Feb. 1964; Memo. of conversation, part II of IV, 12 Feb. 1964, NSF, UK Country Files, box 213, LBJ Library; Background paper, 'The Kennedy Round', 7 Feb. 1964, NSF, UK Country Files, Box 212, LBJ Library.

<sup>33</sup> PRO FO 371/178903, Brief, 'Washington Talks', 6 Feb. 1964.

<sup>34</sup> See n.28 above.

<sup>35</sup> PRO FO 371/178090, J. T. Caff to FO, 'Kennedy Round', 22 Jan. 1964.

<sup>36</sup> PRO FO 371/178090, Brief by J. A. M. Marjoribanks (FO), 9 Jan. 1964.

<sup>37</sup> See n.35 above.

<sup>38</sup> PRO FO 371/178091, letter, 26 Mar. 1964.

the linear approach the US sought, but it was a proposal the EEC would willingly consider.<sup>39</sup> At least it would provide a formula to kick-start agricultural negotiations.

Further talks in Washington in April presented the British with another opportunity to persuade American officials to change their opinion of what could be expected from these opening-stage negotiations. The British focused their energies on discussions with State Department officials and the Office of the United States Trade Representative (USTR). Noting French reluctance to proceed with the negotiations, Richard Powell judged that 'the French would be more or less satisfied to have nothing happen in the Kennedy Round'.<sup>40</sup> Powell voiced concerns about the rigidity of the US delegation's approach to the EEC, especially over agriculture, cautioning that if the US pushed too hard the Six might abort the negotiations completely. The US officials responded positively to British suggestions, showing a 'readiness . . . to explore the agriculture field sector by sector' which 'corresponds to our own suggestions'.<sup>41</sup> The British proposal encouraged consensus at the May 1964 Ministerial Meeting at which the KTR was officially launched. The outcome did not fully satisfy the US, but delighted the British. The negotiations on industrial tariffs could now go ahead. From the outset the priority of Britain had been to secure reciprocal cuts across the board in the industrial sector.

Following the Ministerial Meeting, discussion centred on industrial tariff disparities which would result from the 50 per cent linear reduction. Negotiations between the US, Britain, and the EEC concentrated on reaching agreement on precise rules for these disparities.

The EEC position, largely the product of French policy, sought harmonization of industrial tariffs by using the *écrêtement* plan, which could not be accomplished with a fixed percentage linear cut (the US position), according to the EEC, because of existing tariff differentials. The EEC advocated the *écrêtement* plan as an alternative. It would require existing high tariffs to be reduced by a greater percentage than lower ones to remove tariff disparities. This proposal failed to get off the ground, because the British and the US strongly opposed it. The British and the US had managed to agree alternatives to the EEC plan based on allowing exceptions to the linear tariff. Anglo-American cooperation on industrial tariffs had been achieved very early in discussions following the passage of the TEA in 1962. In November that year officials from the State Department and the BOT had established a joint position on the 50 per cent linear cut.<sup>42</sup>

The EEC agreed to the proposal to modify the US linear formula on the basis of exceptions. But this concession brought further EEC-US conflict over an agreed formula on exceptions. At first, the US argued that a quantitative limit should be set to exceptions.<sup>43</sup> The EEC argued that US insistence on a 50 per cent cut would

<sup>39</sup> The EEC had put forward the Montan draft. Based on the CAP, this proposed ceilings on total amounts of support a country could provide for particular products. They would be bound by the KTR. Like Britain, the EEC also proposed commodity agreements for other products.

<sup>40</sup> Memo., 12 Feb. 1964, 'The Kennedy Round', NSF, UK Country File, LBJ Library.

<sup>41</sup> PRO FO 371/178090, Memo., F. C. Mason (FO), 4 Mar. 1964.

<sup>42</sup> PRO FO 371/172336, Note of meeting, BOT, 4 Dec. 1962; PRO BT 303/93 Memo., 23 Nov. 1962.

<sup>43</sup> NSF, Administrative History of the USTR, LBJ Library.

necessitate large exceptions lists due to the problem of disparities. It could not, therefore, accept a formula restricting exceptions.<sup>44</sup>

On this issue Britain again induced a shift in the US approach to the negotiations. In January 1963, discussions took place between the two delegations in Geneva on the problem of how to ensure that the exceptions list to the linear cut was kept small. Both wanted a minimum exceptions list. Christian Herter explained that US thinking was that a minimum exceptions list could be achieved by agreeing to exceptions on a 5 per cent basis. The British took a different view, pointing out that small percentages could cover a wide range of items, leading to the possibility of a large list of exceptions, which would 'play into the hands of the French'.<sup>45</sup> Later, in March 1963, George Ball and Fred Erroll, President of the BOT, discussed the necessity for percentage limitations on exceptions lists.<sup>46</sup> Erroll persuaded the US to drop its insistence on a percentage formula.

The US eventually accepted the British alternative proposal. A memorandum from an FO official shows the extent of British influence on this issue. Joe Greenwald of the US Embassy informed the official that he had witnessed US discussions after the US–British bilaterals, and the US had

come round to our view; that is they think it would be better to agree that exceptions were to be kept to a minimum and then proceed by confrontation, rather than to lay down in advance a formula for the degree of exceptions to be permitted.<sup>47</sup>

At the GATT Ministerial Meeting in May 1963 the US dropped its commitment to a percentage formula. The more pragmatic approach of the British prevailed, enabling the negotiations on industrial tariffs to go ahead on the basis of a 50 per cent linear cut with a commitment to minimum exceptions but not a formula.

Anglo-American coordination was not just a British tactic. US officials at all levels saw advantages in cooperating with Britain. For example, in March 1963 Schaezel stated 'the more Britain and the United States could compare notes . . . the better' and George Ball 'thought it most important that the United States and the United Kingdom should act in close concert throughout the preparatory phases'.<sup>48</sup>

### **US receptivity to British influence**

The frequency of meetings between the Americans and the British, which increased as preparations for forthcoming Ministerial Meetings grew more intense, indicates their value to both nations. According to the British delegation, the 'Americans seem

<sup>44</sup> PRO BT 303/166, Letter from E. Cohen, British delegation in Geneva, to B. Hughes, BOT, 1 Apr. 1963.

<sup>45</sup> PRO FO 371/178090, British Embassy, Paris to FO, 'French Attitude to the Kennedy Round', 12 Mar. 1964.

<sup>46</sup> PRO BT 303/95, Note, P. W. Carey, BOT, 4 Mar. 1963. There were a series of bilateral meetings between BOT officials and US officials from the State, Treasury and Agriculture departments during March 1963. These are reported in various documents in PRO FO 371/172443.

<sup>47</sup> PRO BT 303/94, Memo., Heinemann to Jardine, BOT, 5 Mar. 1963.

<sup>48</sup> See n.22 above.

increasingly to value this type of informal exchange and our reception at all levels has been excellent.’<sup>49</sup> The Anglo-American special relationship best explains US receptivity to British influence.

The various institutions emerging from Anglo-American cooperation during World War II, among them the Combined Chiefs of Staff, Lend-Lease missions, the huge increase in the number of British personnel in the US and vice versa, created new linkages and vastly enlarged old ones between the US and British military, diplomatic and political elites. Such linkages generated high levels of trust, a vital ingredient of policy and tactical coordination. We know from the Cold War period that what Churchill called ‘the natural Anglo-American special relationship’<sup>50</sup> gave the British significant influence on US policy.<sup>51</sup> This influence made itself felt at the KTR. Officials from the USTR gained from cooperating with the more experienced British delegation. The US delegation had little experience of trade negotiations, and suffered from a large turnover of personnel (for example, Herter died during the negotiations). As a recently created unit of the Executive Office of the President they could call on little institutional memory, and most were political appointees with backgrounds in private industry and business.<sup>52</sup> As Hugh Hecló would say, they were a delegation ‘of strangers’,<sup>53</sup> and compared to the professional career civil servants making up the British delegation (most had taken part in the Dillon Round of the GATT), they were amateurs at trade negotiation. It is clear from the accounts of the meetings between the British and Americans that British tactics and ideas were influential because of US trust and deference.

British influence was not simply that of a broker between the EEC and the US; Britain had insufficient bargaining power with the EEC to perform this role. Neither was Britain merely underscoring the US position. Instead Britain played the more expansive and creative role of soliciting consensus by providing tactical and policy advice to the US. Making use of the four types of influence of states in international organizations identified by Cox and Jacobson, Britain had controlling influence. This is identified as influence ‘conferred upon an actor by other actors’ opinions of potential for influence’ and manifests itself in the ‘difference between the way an actor actually behaves and the way he might behave if the controller were not part of the system’.<sup>54</sup> I have identified British influence by demonstrating that: (1) US positions changed over time; (2) these changes were a direct result of Anglo-American consultations; and (3) US decisions were consistent with British demands. These factors influenced the negotiations in circumstances where conflict existed, an alliance was formed, and the US and British negotiators adopted joint policy positions. Although Britain initiated and vetoed very little, it still exerted significant

<sup>49</sup> PRO BT 303/301, Telegram, British Embassy, Washington to FO, 22 Apr. 1964.

<sup>50</sup> Reynolds, *Britannia Overruled*, p. 151.

<sup>51</sup> R. Best, *Cooperation with Like-minded Peoples: British Influences on American Security Policy, 1941–1947* (Westport, CT, 1986). See also R. Edmonds, *Setting the Mould: The US and Britain 1945–1950* (Oxford, 1986); and M. J. Hogan, *The Marshall Plan: America, Britain, and the Reconstruction of Western Europe* (Cambridge, 1987).

<sup>52</sup> Christian Herter’s deputy, William Gossett, was a manager with Ford Motor Co., and Mike Blumenthal, the US negotiator in Geneva, had a similar business background in manufacturing. Herter is the exception. He had previous government experience as a former Secretary of State in the Eisenhower administration and had been Secretary to the US delegation to the Paris Peace Conference in 1919. Dryden, *Trade Warriors*, pp. 63–8.

<sup>53</sup> H. Hecló, *A Government of Strangers: Executive Politics in Washington* (Washington, DC, 1977).

<sup>54</sup> Cox and Jacobson (eds.), *Anatomy*, p. 13.

influence in shaping US views, tactics and policies in areas vital to US economic interests.

That Britain was no longer a great power, and was certainly less determined (and less able) to maintain a world role in the 1960s, did not prevent it from enjoying significant influence in the GATT system. Britain's reduced economic and military power meant that other resources had to be applied in order to influence outcomes. Dean Rusk recognized this much better than his predecessor, Dean Acheson. In a memorandum to President Johnson in 1967 he argued that 'The British are still prepared to play a constructive part in helping maintain world order but they must now rely on ideas and dexterity rather than military might'.<sup>55</sup>

## **Conclusion**

Because of the dominance of US realist approaches to the study of international political economy (IPE) we have become accustomed to the great-power world of international relations. But unless we give attention to the role of middle-level participants in the IPE we cannot understand fully the evolution of cooperation. Recent trends such as the enlargement of the European Union, the creation of regional trade blocs like NAFTA and APEC, and the growing numbers and size of private actors such as multinational corporations both generate and represent a diffusion of power in the IPE, reducing the ability of hegemonic powers to dictate outcomes. Therefore, an understanding of the influence of actors other than the great powers is essential to understanding the contemporary IPE. This article is a case-study of such influence, using the example of Britain in the early 1960s to illustrate conditions which gave rise to multilateral cooperation in the GATT based upon the actions of a middle power. The focus has been on state-level actors.

One further point: Dean Acheson's consignment of the Special Relationship to the history books is shown to have been premature. In the opening phase of the KTR this relationship proved essential to the realization of US as well as British economic and political interests. This and other recent archival research suggests that most previous studies significantly overstate the atrophy of Anglo-American relations in this period. Though not having the role of the 'Greeks in the Roman Empire', as Harold Macmillan sentimentally claimed in 1943, Britain still exercised significant influence in Washington in the 1960s.

<sup>55</sup> Memo., 31/5/67, Rusk to Johnson, NSF, UK Country File, box 216, LBJ Library.