

# ***From Multilateral to Bilateral Free Trade: Austria's Bridging the Gap and the Failure of "Going-it-alone" to Brussels 1955-72\****

Michael Gehler

University of Innsbruck

## **I. The Multilateral Wide Free Trade Area's (WFTA) Failure 1955-58**

For Austria, tacking between neutrality and participation in West European economic cooperation<sup>1</sup>, the situation was rendered much more difficult as a result of the decision taken in principle by the Six at the Messina Conference in June 1955 to proceed with horizontal integration in the form of a customs union. The Six decided in Venice in May 1956 to proceed with negotiations. These led to the Rome Treaties on 25 March 1957.<sup>2</sup> De Gaulle's rise to power in 1958, against the background of a re-

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<sup>1</sup> Oliver Rathkolb, "Austria and European Integration after World War II", in *Austria in the New Europe, Contemporary Austrian Studies (CAS)*, Vol. 1 (New Brunswick, London: Transactions Publisher, 1993), pp.42-61, here pp.44-47; Michael Gehler, "Zwischen Neutralität und Europäischer Union. Österreich und die Einigungsbestrebungen" in *Westeuropa 1955-1994 Geschichte in Wissenschaft und Unterricht* 45 (1994), pp.413-433, here pp.415-16; Florian Weiss, "Die schwierige Balance. Österreich und die Anfänge der westeuropäischen Integration 1947-1957", *Vierteljahrshefte für Zeitgeschichte*, 42 (1994), pp.71-94; Michael Gehler, "Vom ERP-, EFTA- und EWR- zum EU-Mitglied: Österreichs sukzessive europäische Integrationspolitik 1945-1995", *Christliche Demokratie* 11/12 (1994/1995), pp.27-82; Michael Gehler, "17. Juli 1989: Der EG-Beitrittsantrag. Österreich und die europäische Integration 1945-1995", in Michael Gehler and Rolf Steininger (eds.), *Österreich im 20. Jahrhundert. Ein Studienbuch in 2 Bänden* (Vienna, Cologne, Weimar: Böhlau-Verlag, 1997), pp.515-595, here pp.525-64.

<sup>2</sup> Hanns Jürgen Küsters, *Die Gründung der Europäischen Wirtschaftsgemeinschaft* (Baden-Baden, Nomos, 1982). See also in particular, the contributions to Enrico Serra (ed.), *Il rilancio dell'Europa e i trattati di Roma* (Baden-Baden, Nomos, 1989); Alan S. Milward, *The Reconstruction of Western Europe 1945-51* (London: Routledge, 1992), pp. 421-61; Wilfried Loth, *Der Weg nach Europa. Geschichte der europäischen Integration 1939-1957* (Göttingen, Vandenhoeck, 1996 3<sup>rd</sup> edition), pp. 69-90, 113-33.

nationalization in the second half of the 1950s in Europe, was not to improve Austria's possibilities of participating in integration.

In October 1956 Austria had first hinted at asking for ECSC-membership but shortly afterwards relinquished the request. The government had tried to sound out the existing manoeuvring room and to push to the furthest limit. Apart from the feared Soviet reservations, the excessive prices for steel in the ECSC was also pointed out, which allegedly caused Vienna to back off. They were 20 to 30% above the highly subsidized domestic prices, which favoured the finished goods industry, and had this membership occurred, wages and prices in other business sectors would also have increased. Apart from this, there were also considerations in the "social partnership" between labour and management.<sup>3</sup> In a presentation to Chancellor Julius Raab (Austrian People's Party) of the "MacMillan Plan" for a large free-trade zone in Western Europe, an expert from the Ministry of Trade pointed out: "The plan for a free-trade zone also has the advantage [...] that participation is possible in spite of [...] neutrality, whereas Austria joining the six country bloc which is in fact strongly tied to the NATO concept is still to be considered from a political point of view with regard to the reaction of the Soviet Union."<sup>4</sup> That was at a point in time when the government of Imre Nagy in Hungary seemed to have stabilized itself. The second Russian intervention was still to follow with strong attacks in the media against Austria. The country's manoeuvrability for foreign policy was limited. Furthermore, if Vienna had pushed further its ECSC application request, this would have been grist for the mill for the critics of Austrian neutrality. This had to be avoided if at all possible. The application for ECSC membership in 1957 can be interpreted as Austria's intention to participate with respect to a "common market".

<sup>3</sup> Thomas Angerer, "Exklusivität und Selbstausschließung. Integrationsgeschichtliche Überlegungen zur Erweiterungsfrage am Beispiel Frankreichs und Österreichs." in *L'Élargissement de l'Union Européenne. Actes du colloque franco-autrichien organisé les 13 et 14 juin 1997 par l'Institut Culturel Autrichien et l'Institut Pierre-Renouvin, Revue d'Europe Centrale* 6 (1998), Nr. 1, pp. 25-54, here 41-46.

<sup>4</sup>"Informationen für Herrn Bundeskanzler betreffend MacMillan-Plan der Schaffung einer europäischen Freihandelszone", Johann Augenthaler to Julius Raab, 29 October 1956, Archive des Julius-Raab-Gedenkvereins (AJRGV), Sonderakten.

The EEC was in fact more important to Austria than the ECSC.<sup>5</sup> In our opinion, Austria at that time had no realistic chance of becoming a member of the "six", that is, either the ECSC or the EEC. The economic community was only in its embryonic stages as a result of the ECSC conferences in Messina and Venice. Austria's participation in negotiations could not seriously be considered, though the course of events was carefully observed.

The government welcomed the British initiative within the OEEC in 1956-57 to create a wider industrial free-trade area (WFTA), a proposal that promised to avoid competitive disadvantages for export industries in a common market.<sup>6</sup> The free-trade area would not involve the harmonisation of external tariffs and would be organized entirely along intergovernmental lines.

Austrian diplomacy realistically assessed the chances of forming a WFTA. Expectations were not running high. One obviously sympathized with Ludwig Erhard's ideas favouring a WFTA. Still, Vienna realized his difficult standing with regard to Chancellor Konrad Adenauer's 'small-European' policy.<sup>7</sup> The maintenance of the WFTA members' independence concerning trade and commercial policy was significant to Austria. The Council of Ministers had approved of it on 29 January.<sup>8</sup> Vienna demanded the recognition of its new, higher customs tariff to

<sup>5</sup> Angerer, "Exklusivität und Selbstausschließung," pp. 42-43.

<sup>6</sup> On the origins of Plan G for an industrial free-trade area see Wolfram Kaiser, "Selbstisolierung in Europa - Die britische Regierung und die Gründung der EWG", in Clemens A. Wurm (ed.), *Wege nach Europa. Wirtschaft und Außenpolitik Großbritanniens im 20. Jahrhundert* (Arbeitskreis Deutsche England-Forschung Veröffentlichung 19) (Bochum, Brockmeyer, 1992), pp.125-53; idem, *Using Europe, Abusing the Europeans. Britain and European Integration, 1945-63* (Contemporary History in Context 2) (Basingstoke—London, Macmillan, 1996, 1999 reprinted with new preface), pp. 61-87.

<sup>7</sup> Michael Gehler, "Klein- und Großeuropäer: Integrationspolitische Konzeptionen und Wege der Bundesrepublik Deutschland und Österreichs 1947/49-1960 im Vergleich", in Michael Gehler/Rainer F. Schmidt/Harm-Hinrich Brandt/Rolf Steininger (eds.), *Ungleiche Partner? Österreich und Deutschland in ihrer gegenseitigen Wahrnehmung. Historische Analysen und Vergleiche aus dem 19. und 20. Jahrhundert* (Beihft 15 der Historischen Mitteilungen der Leopold von Ranke-Gesellschaft) (Stuttgart, Franz Steiner-Verlag, 1996), pp.581-642, here pp.619-20, pp.623-24, p.642.

<sup>8</sup> *Archiv der Gegenwart* (AdG), 29 Jan. 1957, A 6253; concerning the British attitude see Kaiser, "Selbstisolierung in Europa", pp.125-153.

serve as a basis for tariff reductions. Not fully competitive economic sectors were also to be taken into consideration. There was particular reference to economic sectors in the former Soviet occupation zone. Neutral Austria was interested in concentrating cooperation in the nuclear energy sector in the CERN (OECE), because it feared that an association with EURATOM would have political repercussions regarding relations with the USSR for EURATOM consisted of NATO states only.<sup>9</sup>

EEC-groups viewed the classical form of WFTA as a 'warmed up OECE.' Vienna recognized that the birth of the WFTA would be postponed by the "Six".<sup>10</sup> Yet an interministerial committee of OECE-states made further negotiations possible.<sup>11</sup> Austria took part. The committee was lead by the British Reginald Maudling appointed by London in August 1957.<sup>12</sup>

The news agency TASS published an article printed in Pravda, which objected to Austria joining the WFTA. But the Ballhausplatz division of international law stressed that permanent neutrality was perfectly compatible with membership of unions of states, provided the latter were not of a military kind. The WFTA's advantages could be conceded to third countries by each member state. Political and economic freedom of movement would be preserved.<sup>13</sup>

<sup>9</sup> 'Aufstellung - Information über die bestehenden europäischen Organisationen, Europabewegung/Konferenz in Rom vom Juni 1957 (Beilagenkonvolut)', which reflects the point of view of the Austrian Federal Government, Österreichisches Staatsarchiv (ÖStA), Vienna, Archiv der Republik (AdR), BKA/AA, Wien, II-pol, International 2 c, Zl. 220.825-pol/57 (GZl. 220.755-pol/57).

<sup>10</sup> Report, Zl. 11-pol/57, Bobleter to Figl, 26 July 1957, ÖStA, AdR, BKA/AA, II pol, Zl. 223.130-pol/57 (GZl. 215.155-pol/57). The EEC Commission's files and the documents of the ECSC High Authority were partially available for this article. The author thanks Dr. Hans Hofmann and Jef Schram from the Historical Archives of the European Community (HAEC) in Brussels for having access to relevant files. The examination of the material confirmed the theses developed in this contribution. The thorough analysis of the EEC Commission's role would, however, require an independent essay.

<sup>11</sup> Gabriele Brenke, "Europakonzeptionen im Widerstreit. Die Freihandelszonen-Verhandlungen 1956-1958", *Vierteljahrshefte für Zeitgeschichte*, 42 (1994), pp.595-633, here p.600.

<sup>12</sup> Report, Zl. 19-pol/57, Bobleter to Figl, 11 Oct. 1957, ÖStA, AdR, BKA/AA, II-pol, Zl. 225.751-pol/57 (GZl. 215.155-pol/57).

<sup>13</sup> 'Abteilung VR, Einsichtbemerkung', 8 Nov. 1957, ÖStA, AdR, BKA/AA, II-pol, Zl. 225.642-pol/57 (GZl. 215.155-pol/57).

Berne's attitude was pointing the way. The reason for this was Austria having committed itself to following the Swiss pattern of neutrality in Moscow 1955.<sup>14</sup> The Swiss considered customs and economic union incompatible with neutrality.<sup>15</sup> Despite the EEC states' poor response to the WFTA, domestic politics widely supported the project. It only remained a thorn in the communists' side.<sup>16</sup>

Charles De Gaulle's coming to power was viewed as a symptom of a development. The General's success was interpreted as the weakness of parliamentary democracy in all of Europe and the expression of a renaissance of the politics of a national Führer personality.<sup>17</sup> The Treaties of Rome became an instrument for maintaining and strengthening Gaullist French national interests, which were not in favour of supranational institutions, and they led to the establishment of the integration policy status quo regarding EEC states. Countries which were to apply later for membership and association felt the effects of this.

In 1958 Austria still supported the WFTA.<sup>18</sup> After concluding the ECSC agreement on tariffs (8 May 1956), relations with the High Authority considerably worsened. In January 1958 morale hit rock bottom. Further consultations had not brought about any results. Austria's hope to harmonize steel tariffs had been completely destroyed.<sup>19</sup>

<sup>14</sup> Christian Jenny, *Konsensformel oder Vorbild? Die Entstehung der österreichischen Neutralität und ihr Schweizer Muster* (Schriftenreihe der schweizerischen Gesellschaft für Außenpolitik 12) (Bern, Stuttgart, Wien: Haupt, 1995), pp.161-200.

<sup>15</sup> Maximilian Oswald, "Wirtschaftliche Integration und österreichische Neutralität von 1960 bis 1972", in Michael Gehler/Rolf Steininger (Eds.), *Die Neutralen und die europäische Integration 1945-1995. The Neutrals and the European Integration 1945-1995* (Arbeitskreis Europäische Integration, Historische Forschungen, Veröffentlichungen 3) (Vienna, Cologne, Weimar: 2000), pp.645-79, here p. 648, pp.648-52.

<sup>16</sup> "Was würde die Freihandelszone für Österreich bedeuten?", in *Neue Zeit*, 11 Nov. 1957.

<sup>17</sup> Carl Bobleter to Josef Klaus, 29 Sept. 1958. Archives of the Karl von Vogelsang Institut (AKVI), Vienna, Korrespondenz und Material Josef Klaus.

<sup>18</sup> Report, Zl.3-pol/58, Bobleter to Figl, 6 Feb. 1960, ÖStA, AdR, BKA/AA, II-pol, Zl. 545.642 (GZl. 544.198-pol/58); concerning British integration policy see Wolfram Kaiser, "Wie nach Austerlitz? London-Bonn-Paris und die britische EWG-Politik bis 1961", in *Integration. Vierteljahreszeitschrift des Instituts für Europäische Politik in Zusammenarbeit mit dem Arbeitskreis Europäische Integration*, 16 (1993), pp.19-32.

<sup>19</sup> Tätigkeitsbericht, Zl. 37 A-60, Kolb to BMfAA, 13 Jan. 1960, *ibid.*: Weiss, "Die schwierige Balance", pp.84-7 and 90-2 and Brenke, "Europakonzeptionen im Widerstreit", p.620.

Due to stagnating WFTA negotiations, chancellor Raab considered 'joining the EEC.' Yet the talks with Vice-chancellor Bruno Pittermann (Socialist Party) resulted in the following: 'Apart from the economic point of view, such a step was politically impossible and hardly compatible with our neutrality.' The first reason was a protectionist one. Second, for Vienna, Berne's policy was mandatory.<sup>20</sup> Those few forces sympathizing with the WFTA already started in Spring 1958 taking to take alternative solutions into consideration just in case failure was unavoidable.<sup>21</sup>

Austria from the very beginning supported a WFTA comprising all OEEC states. This was emphasized in a memorandum, approved by the Council of Ministers.<sup>22</sup> This document can be seen as first a declaration of intention for limiting the damage in view of the EEC treaty's coming into force on 1 January 1958; second a document to represent Austria's lack of real alternatives concerning integration policy; third as a kind of appeal to the other OEEC and EEC states' sense of 'moral and European responsibility'. Vienna obviously knew that chances to form a WFTA were very slim. In April 1958, industrialists of the 'Non-Six' states recommended a treaty including all OEEC-states as an 'interim solution.'<sup>23</sup> The Austrian Chamber of Commerce emphasized the necessity for the realization of WFTA.<sup>24</sup>

Raab acted as pragmatic politician. He started to think about the creation of a small free-trade zone in case of a WFTA failure. He recommended reinforcing the exchange of ideas with Switzerland, Denmark, Norway and Sweden. The listed countries would have to cooperate with Great Britain. From a realistic political point of view, this was the only way to establish a reasonably sufficient

<sup>20</sup> Schöner to Figl, Zl. 574.018-GS/58, 5 March 1958. Niederösterreichisches Landesarchiv (NÖLA), Wien, Nachlaß Leopold Figl, Karton 57.

<sup>21</sup> Report, Zl. 7-pol/58. Bobleter to Figl, 21 March 1958, ÖStA, AdR, BKA/AA, II pol, Zl. 547.069-pol/58 (GZl. 544.198-pol/58).

<sup>22</sup> Michael Gebler, "Politisch unabhängig", aber "ideologisch eindeutig europäisch". Die ÖVP, die Nouvelles Equipes Internationales (NEI) und die Anfänge der europäischen Integration", in Gebler/Steininger (eds.), *Österreich und die europäische Integration 1945-1993*, pp.293-328 and 321-23.

<sup>23</sup> *Die Presse*, 19 April 1958; *AdG*, 3 May 1958, B 7044.

<sup>24</sup> *Die Presse*, 12 April 1958.

counterbalance to the EEC. This kind of union was at least 'tactically speaking extremely valuable.' It served to strengthen the negotiating position of the EEC states.<sup>25</sup> The Council of Ministers approved his ideas.

According to Vienna, the Swedish compromise suggested by the Maudling-committee was a necessary step to take: on 1 January 1959, all measures would be taken in cooperation with the EEC, including the reduction of customs by 10%. The alarming state of the WFTA negotiations and the expected discrimination following the creation of the common market were reasons for Vienna to take a direct, bilateral association with the Six into consideration just in case this initiative proved unsuccessful. It even used the bourgeois conservative newspaper *Die Presse* to state that the neutrals' EEC membership would assure Moscow 'that this institution would not become NATO-dominated.'<sup>26</sup>

Austria immediately wanted to find out how the change-over in power in France affected integration issues.<sup>27</sup> Vienna was certain that De Gaulle would keep to the Treaties of Rome. Yet he preferred the cooperation between governments but one supposed that France still almost unanimously disapproved of the WFTA plan.<sup>28</sup>

<sup>25</sup> 'Bericht und Antrag an den Ministerrat betreffend den gegenwärtigen Stand der Verhandlungen zur Schaffung einer Europäischen Freihandelszone', 9 July 1958, ÖStA, AdR, BKA/AA, MR-Material, Sektion für wirtschaftliche Koordination, Zl. 114.376-10b/58; Michael Gehler, "In the EEC's Waiting Room: Austria and Europe, 1957-1963", in: Anne Deighton and Alan S. Milward (eds.), *Widening, Deepening and Acceleration: The European Economic Community 1957-1963* (Baden-Baden: Nomos, 1999), pp.317-30, here p. 318-20.

<sup>26</sup> Die Freihandelszone in Gefahr, *Die Presse*, 20 July 1958.

<sup>27</sup> Confidential Report, Zl. 16-pol/58, Kolb to Figl, 19 June 1958, ÖStA, AdR, BKA/AA, II-pol, Zl. 550.651-pol/58 (GZl. 544.198-pol/58).

<sup>28</sup> Strictly confidential Report, Zl. 37-pol/58, Rotter to Figl, 23 Sept. 1958, ÖStA, AdR, BKA/AA, II-pol, Deutschland West 2, Zl. 554.695-pol/58 (GZl. 547.491-pol/58); compare Thomas Angerer, "Besatzung, Entfernung...Integration? Grundlagen der politischen Beziehungen zwischen Frankreich und Österreich seit 1938/45", in Friedrich Kojas and Otto Pfersmann (eds.), *Frankreich - Österreich. Wechselseitige Wahrnehmung und wechselseitiger Einfluß seit 1918* (Studien zu Politik und Verwaltung 58) (Vienna, Cologne, Graz: Böhlau, 1994), pp.82-102 and 100-1; according to the reports written by Bobleter and Kolb, it is justified to assume that Vienna realized and realistically estimated France's unwillingness to make concessions regarding the WFTA very early.

In November De Gaulle's France officially rejected the project of the WFTA which caused its failure.<sup>29</sup> The *Arbeiter-Zeitung* talked of a 'French dictat,' the Non-Six would not bow to.<sup>30</sup> Herbert Thausing, chief executive of the Association of Austrian Industrialists regarded WFTA a failure because of the British-French conflict.<sup>31</sup>

The Ballhausplatz pored over various concepts. EEC membership was a 'political question' whereas an WFTA comprising Austria and the 'Six' was 'mere utopia.' There seemed to be no alternative to the WFTA within the OEEC system.<sup>32</sup>

Contrary to the negatively formulated internal assessments, Undersecretary for Foreign Affairs Bruno Kreisky (SPÖ) defined the failure of the WFTA negotiations as a temporary one. There was no need to look for new solutions.<sup>33</sup>

## **II. Multilateral Small Free Trade:**

### **Founding EFTA - a step towards full economic integration 1959-60?**

Vienna hoped that the EEC would have developed clear ideas with regard to multilateral association. Yet the President of the EEC Commission Walter Hallstein intimated that the Commission considered the WFTA not feasible.<sup>34</sup> In February 1959, Norway organized a conference of the 'Non-Six' in Oslo. They did not expect much from further contacts with the EEC-Commission: 'A politically dictated compromise' to resume constructive, multilateral association-engendering negotiations was hardly promising. According to the British concept, the 'Seven non Six' should take the initiative and create their own Free Trade Zone, to strengthen the forces within the EEC that were pressing for a real multilateral European association. It would also

<sup>29</sup> Brenke, "Europakonzeptionen im Widerstreit", pp.622-24.

<sup>30</sup> Frankreich gegen Europa, *Arbeiter-Zeitung*, 7 Nov. 1958.

<sup>31</sup> *Oberösterreichische Nachrichten*, 6 Dec. 1958.

<sup>32</sup> Report, Zl. 1000-A/58, Kolb to Figl, 12 Nov. 1958, ÖStA, AdR, BKA/AA, II-pol, International 2 c, Zl. 556.649-pol/58 (GZl. 544.198-pol/58).

<sup>33</sup> *Wiener Zeitung*, 20 Dec. 1958.

<sup>34</sup> Report, Zl. 10-pol/59, Lemberger to Figl, 12 Feb. 1959, ÖStA, AdR, BKA/AA, II-pol, Zl. 237.637 (GZl. 236071-pol/59).

render future negotiations with the EEC less difficult. The Austrians promised to examine this proposal carefully.<sup>35</sup>

The Oslo conference was the birth of the European Free Trade Association (EFTA). The driving forces were Great Britain, Sweden and Norway. Austria only accepted this 'less-than-ideal solution' if it did not exclude multilateral association with the EEC. It was not the 'ultimate goal.' The small Free Trade Zone would balance the expected decrease in the exchange of goods with the EEC and it would reinforce the EEC-member states' willingness to agree on an association with the 'Eleven'.<sup>36</sup>

The outer Free Trade Zone (EFTA) was in accordance with the decision of the Austrian Council of Ministers taken in July 1958. But one explicitly stressed that this 'represented only one stage of a phase the final goal of which was multilateral association of all OEEC-states'.<sup>37</sup> Austria's objective still was the creation of a 'large Europe.' In May 1959, the Ballhausplatz observed that leading personalities of the British economy took EEC-membership into consideration.<sup>38</sup> A Europe of the 'Non Six' without Great Britain was inconceivable.<sup>39</sup>

The Generaldirector of the "Österreichischen-Alpine Montan-Gesellschaft" declared that Austria was forced to look for a quick removal of tariff barriers concerning steel and coal. The government would examine a bilateral agreement with the High Authority.<sup>40</sup> In a

<sup>35</sup> Aktenvermerk "Konferenz der Seven non six in Oslo", Vienna 26 Feb. 1959, Zl. 293.261-Wpol/mult 59, ÖStA, AdR, BKA/AA, II-pol, Zl. 239.344 (GZl. 236.071-pol/59).

<sup>36</sup> Wolfram Kaiser, "A Better Europe? EFTA, the EFTA Secretariat, and the European Identities of the 'Outer Seven', 1958-72", in Marie-Thérèse Bitsch, Wilfried Loth, Raymond Poidevin (eds.), *Les institutions européennes et l'identité européennes* (Organisation Internationale et Relations Internationales 41) (Bruxelles, 1998), pp.165-184; cf. also Thomas Angerer, "Exklusivität und Selbstausschließung. Integrationsgeschichtliche Überlegungen zur Erweiterungsfrage am Beispiel Frankreichs und Österreichs", *Revue d'Europe Centrale* 6 (1998), No. 1, pp.25-54, here pp. 49-50.

<sup>37</sup> 'Aktenvermerk', 4 March 1959, Zl. 294.693-Wpol/mult/59, ÖStA, AdR, BKA/AA, Zl. 239.405-pol/59 (GZl. 236.071-pol/59). 'Ministerratsbeschluss', GZl. 114.376-10b/58.

<sup>38</sup> Report, Zl. 41-pol/59, Schwarzenberg to Figl, 14 May 1959, ÖStA, AdR, BKA/AA, Zl. 242.227-pol/59 (GZl. 236.071-pol/59).

<sup>39</sup> 'Einlagevermerke', *ibid.*

<sup>40</sup> 'Auszug aus der Rede des Vorsitzenden der Eisenhütte Österreich, Bergrat h.c. Dr. mont. h.c., Dipl. Ing. Josef Oberegger am Eisenhütentag', 31 May 1959, HAEC, CEAB 0005, 1398/1, Relations entre la CECA et l'Autriche, Folio 0004-0005.

note for Albert Wehrer, Président du Groupe de Travail Relations Extérieures from the High Authority of the ECSC the question was 'si le moment actuel est bien choisi pour s'engager dans négociations d'un intérêt politique certain'.<sup>41</sup> In case of a bilateral association the Austrians seemed to profit much more from the ECSC than the latter from Austria.<sup>42</sup>

In Summer 1959, Vienna regarded the following two facts as definite: First, the EEC refusing the WFTA. Second, the EEC keeping to customs discrimination outside the EEC. The removal of trade barriers among 'the excluded' was regarded a minimum goal.<sup>43</sup> Vienna agreed on the communiqué of the Ministers' Conference of the 'Seven' in Saltsjöbaden near Stockholm on 21 July. The communiqué recommended the formation of a small free-trade zone.<sup>44</sup> But Austria urged not to form an aggressively fighting trade policy organisation. However, the Swedish-British initiative was directed against the EEC-states' export interests (about 22% of Germany's export went to the EFTA).<sup>45</sup> They were well aware that Austria's participation in the EFTA project was characterized by 'reservation and hesitance'.<sup>46</sup> EFTA was not an end in itself for Vienna but preparation for a 'broad' integration-solution. This also lay in the best interests of the other participants, but Austria pushed less for a rapid initiation of EFTA. It was also not in the country's foreign trade interests to allow themselves to be played off against the West German sales and supply markets. The Austrian Chamber of Industry and Commerce only accepted EFTA if it was not used as a weapon against the EEC. It would be considered 'a link concerning overall European integration'.<sup>47</sup> The industrialists' President

<sup>41</sup> 'Note pour Monsieur Wehrer', 5 June 1959, HAEC, CEAB 0005, 1398/1, Relations entre la CECA et l'Autriche. Folio 0003.

<sup>42</sup> 'Note de Dossier', 8 Sept. 1961, Concerne: Téléphone avec M. Calmes du 8/9/61, HAEC, CEAB 0005, 1139/3, Relations de la Haute Autorité de la CECA avec l'Autriche, Folio 0272-281, 0275.

<sup>43</sup> Confidential Report. Zl. 17-pol/59, Kolb to Raab, 14 July 1959, ÖStA, AdR, BKA/AA. II-pol, Zl. 244.858, GZl. 236.138/83-pol/59.

<sup>44</sup> AdG, 21 July 1959, A 7848.

<sup>45</sup> *Salzburger Nachrichten*, 4 March 1961.

<sup>46</sup> *Frankfurter Allgemeine Zeitung*, 11 June 1959.

<sup>47</sup> *Neues Österreich*, 25 June 1959.

Hans Lauda, managing director of *Veitscher Magnesit*, described this 'link' as *the* Austrian 'interest in life.' It had to remain 'the driving force behind the establishing of contacts between EEC and EFTA.'<sup>48</sup>

The conservative and bourgeois *Die Presse* regarded the community of the EFTA disparagingly as 'an artificial construct' and 'a counterbloc'.<sup>49</sup> It could 'never' be a substitute for 'the customs union of the Six'.<sup>50</sup> The exports to the community of the Seven amounted to only 12% of overall exports. Trade Minister Fritz Bock (ÖVP) argued along the same lines.<sup>51</sup> Kreisky also conceived of EFTA as a means to an end, at least for the time being.<sup>52</sup>

Neutrality-policy reservations and socialist resentments of 'the reactionary bourgeoisie' were also observable. For tactical and ideological reasons to reassure the left wing of the party, Vice-chancellor Pittermann publicly referred to the EEC as 'a tool in the hands of international cartel capitalism'.<sup>53</sup> However, due to Austria's economy being strongly intertwined with the EEC, the former's deep interest in intensified relations with the EEC did not subside.<sup>54</sup> Vienna was interested in 'keeping in touch' with Brussels despite the reservation about the political concept of the Common Market. The Commission examined Austria's wish for an accredited representative at the EEC.<sup>55</sup>

The formation of the small free-trade zone had two consequences concerning the 'six': First the advocates of the 'broad solution' were

<sup>48</sup> *Die Presse*, 18 Dec. 1959.

<sup>49</sup> Otto Schulmeister, *Nach Europa mit Proporz?*, in *Die Presse*, 20 Sept. 1959; see also Gerhard Marchl, *Die Tageszeitung Die Presse und die französische Europa-Integrationspolitik in den Jahren 1957 bis 1963. Eine Analyse von Berichterstattung und Kommentar*, Master's Thesis (University Graz: 1996).

<sup>50</sup> *Die Presse*, 20 March 1959.

<sup>51</sup> *Österreich. Neue Tageszeitung*, 30 June 1959.

<sup>52</sup> *Arbeiter-Zeitung*, 22 March 1959.

<sup>53</sup> These statements were made by Pittermann on 2 July and 31 July, see *Österreich. Neue Tageszeitung*, 17 Nov. 1959.

<sup>54</sup> Martin Hehemann, "Daß einzelne Genossen darüber erschreckt sind, daß wir kategorisch jedwede Teilnahme an der EWG ablehnten". Die SPÖ und die Anfänge der europäischen Integration 1945-1959", in Gehler/Steininger (eds.), *Österreich und die europäische Integration 1945-1993*, pp.327-45, here pp.341-2.

<sup>55</sup> Report, Zl. 521-Res/59, Seyfferitz to BKA/AA, 31 July 1959, ÖStA, AdR, BKA/AA, II-pol.

given an opportunity to renew their efforts, second the 'convinced small Europeans' were worried. This particularly applied to the Netherlands and the FRG.<sup>56</sup> To Kreisky, the new Austrian Foreign Minister (1959-66), Switzerland's view of neutrality being incompatible with the EEC remained decisive. A bilateral EEC association was 'no solution.' EFTA's instrumental character was central to him: The negotiating position vis-à-vis the EEC was 'quite good.' Austria should be the first and most ambitious proponent of negotiations between the EEC and EFTA.<sup>57</sup>

The opening of the EFTA convention in Stockholm on 20 November 1959<sup>58</sup> made clear that the formation of a second economic area in Europe could not be stopped. It closely resembled the original "Sir John Plan" (the head of the British Delegation was John Coulson) and provided only for a weak secretariat in Geneva for administrative purposes and came into force in May 1960.<sup>59</sup> The document conveyed the EFTA members' willingness to start negotiations with the EEC.<sup>60</sup>

Austria's government initially hoped, as did the British, that the creation of EFTA would provide enough counter-pressure on the Six to induce them to agree to renewed negotiations between EEC and EFTA, rather than between the EEC and individual countries.<sup>61</sup> Leading ÖVP politicians in particular, who had close links with export-oriented business in Austria, which became increasingly concerned about

<sup>56</sup> Report, Zl. 23-pol/59, Kolb to Kreisky. 19 Oct. 1959, ÖStA, AdR, BKA/AA, II-pol, Zl. 249.456 (GZl. 236.071-pol/59).

<sup>57</sup> AdG, 10 Nov. 1959, C 8049-50; Hehemann, "Daß einzelne Genossen darüber erschreckt sind", p.342; Bruno Kreisky, *Reden* (Vienna, 1981), p. 115; Hans Mayrzedt and Waldemar Hummer, *20 Jahre österreichische Neutralitäts- und Europapolitik* (1955-1975), Dokumentation 2 vols. (Schriftenreihe der Österreichischen Gesellschaft für Außenpolitik und Internationale Beziehungen 9/1) (Vienna, Wilhelm Braumüller, 1976), Teilband I, p.331.

<sup>58</sup> Richard T. Griffiths, "Die Schaffung der Europäischen Freihandelsassoziation", *EFTA-Bulletin*, 33 (1992), pp.34-40.

<sup>59</sup> Cf. Mikael af Malmberg and Johnny Laursen, "The Creation of EFTA", in Thorsten B. Olesen (ed.), *Interdependence versus Integration. Denmark, Scandinavia and Western Europe, 1945-1960* (Odense, Odense University Press, 1995), pp.197-212.

<sup>60</sup> *Frankfurter Rundschau*, 24 Nov. 1959.

<sup>61</sup> The relationship between EFTA and the EEC is analysed in Wolfram Kaiser, "Challenge to the Community: The Creation, Crisis, and Consolidation of the European Free Trade Association, 1958-72", in *Journal of European Integration History* 3 (1997), pp.7-33.

possible Austrian exclusion from the EEC market after the breakdown of the WFTA-negotiations, initially hoped that EFTA would provide a bridge with the EEC. Trade Minister (1956-68), Fritz Bock was successful in getting this common aim enshrined in the preamble of the EFTA treaty.<sup>62</sup>

The main reason for Austria's support for EFTA membership was the hope that could thus continue to enjoy the advantages of economic interdependence and of political independence at the same time, minimizing any legal obligations and avoiding a commitment to long-term political integration.<sup>63</sup>

For the US the Common Market offered advantages because of its political character. In contrast, EFTA was a mere trade organization.<sup>64</sup> Consequently the Kennedy administration argued against bridging the integration gap in Europe through fear of a weakened position of the EEC in the East-West conflict. The economic and political interest of France in EFTA was also rather limited. Undersecretary Maurice Faure referred to the hope that EFTA would be able to force the EEC into a union as 'wishful thinking' equaling 'self-deception'.<sup>65</sup>

From 1960 onwards trade with EFTA states increased. Yet, in absolute terms, exports to the EEC still dominated Austrian foreign trade.<sup>66</sup> Austrian officials did not deceive themselves about being part of EFTA. A secret discussion between Hallstein and Wilhelm Taucher on a

<sup>62</sup> Interview with Fritz Bock, 3 March 1992. See also Rudolf Kirchschräger, "Testimonies", in *L'AELE d'hier à demain*, Sous la direction de Pierre du Bois et Bettina Hurni (Geneva, Réimpression, 1988), pp.149-53, here p.153.

<sup>63</sup> Michael Gehler and Wolfram Kaiser, "A Study in Ambivalence: Austria and European Integration 1945-95", *Contemporary European History* 6 (1997), pp.75-99, here pp.88.

<sup>64</sup> *Industrie-Kurier*, 24 Nov. 1959; compare Oliver Rathkolb, "Historische Bewährungsproben des Neutralitätsgesetzes. Am Beispiel der US-Amerikanischen Österreich-Politik 1955 bis 1959", in Nikolaus Dimmel and Alfred-Johannes Noll (eds.), *Verfassung. Juristisch-politische und sozialwissenschaftliche Beiträge anlässlich des 70. Jahr-Jubiläums des Bundesverfassungsgesetzes* (Juristische Schriftenreihe 22) (Vienna, Verlag der Österreichischen Staatsdruckerei, 1990), pp.122-141, here pp.138-40.

<sup>65</sup> Louis Barcata, "Paris: Österreich versäumt wieder den Autobus", *Die Presse*, 26 Nov. 1959; Angerer, "Besatzung, Entfernung ... Integration?", pp.82-102, here pp.100-1.

<sup>66</sup> 'Bericht der Bundesregierung über den Stand der wirtschaftlichen Integration Europas', 11 July 1960, *ÖStA, AdR, BM/AA, Zl. 137.886-Wpol-mult/60, Zl. 80.438-pol/60*.

bilateral customs union-treaty in December 1959 delivers proof of that. Taucher was former Austrian OEEC representative, professor at the University of Graz and close collaborator of Austrian industrialists. Hallstein answered that EEC association meant the creation of a new customs union between the EEC and Austria.<sup>67</sup> The maintenance of military neutrality seemed likely.

The considerations were made public,<sup>68</sup> but not positively received. Hallstein was rebuked for 'EEC hegemony efforts.'<sup>69</sup> He was mainly interested in clarifying Austria's point of view. He did not understand why Raab publicly announced ECSC membership in 1956 and later 'strictly opposed any kind of EEC association.' Hallstein was told that the events in Hungary had led to the above position. After the suppression of the revolt Austria could no longer afford to function as a 'guinea pig.'<sup>70</sup>

At the EFTA conference in Vienna from 11-12 March, the ministers of the 'Seven,' emphasized that they were still striving for an economically united Europe free of trade barriers. Starting with 1 July 1960, customs would be reduced by 20% as planned. For the reorganized OEEC to still have a certain trade-policy function was significant to Austria. It should not degenerate into a 'mere consultative organization.'<sup>71</sup>

In spring 1960 Vienna started being more Brussels-oriented because of the EEC's aspired 'acceleration', that is the planned 'bringing forward' of tariff reduction within the EEC. This manifested itself in the official accrediting of an Austrian diplomat to the Common Market.<sup>72</sup>

<sup>67</sup> 'Bericht Univ.-Prof. Taucher über seine Reise nach Brüssel [1960]', Stiftung Bruno Kreisky Archives (StBKA), Wien, Bestand Integration, Box 1274.

<sup>68</sup> 'Tätigkeitsbericht, Zl. 37 A-60', Kolb to BMfAA, 13 Jan. 1960, ÖStA, AdR, BMfAA.

<sup>69</sup> Strictly confidential Report, Zl. 174-RES/60, Schöner to the BMfAA, 16 Feb. 1960, StBKA, Integration, Box 1274.

<sup>70</sup> Strictly confidential Report, Zl. 2-pol/60, Reichmann to Kreisky, 26 Jan. 1960, Zl. 71779-pol/60, GZl. 70300-pol/60; Stephan Hamel, "Eine solche Sache würde der Neutralitätspolitik ein Ende machen.' Die österreichischen Integrationsbestrebungen 1961-1972", in Gehler and Steininger (eds.), *Österreich und die europäische Integration 1945-1993*, pp.55-86, here pp.57-8.

<sup>71</sup> EFTA-Kommuniqué, 12 March 1960; 'Aufzeichnung Bielka', 18 March 1960, Zl. 115.598-Wpol-mult/60, GZl. 70.247-pol/60.

<sup>72</sup> Report, Zl. 8-pol/60, Lemberger to Kreisky, 19 March 1960, ÖStA, AdR, BMfAA, Zl. 74.743-pol/60, GZl. 70.737-pol/60.

Ambassador Ernst Lemberger acted as permanent representative at the EEC and EURATOM.<sup>73</sup> The Socialist had worked for De Gaulle's National Liberation Committee in wartime. He acted on the Foreign Minister's guideline and cannot be described as an integration policy hard-liner.

Austria's circle of conservative 'enthusiasm' about EFTA was rather limited. Several debates lead to the decision that the Austrian People's Party 'should' commit itself to EFTA. It was good to know for People's Party leaders that 'EFTA represented just one step towards total European integration.'<sup>74</sup> But Chancellor Raab belonged to those who were cautious about integration policy. He used the government declaration on 23 March 1960 to proclaim that nothing could be said against joining the EEC as far as neutrality obligations were concerned. Yet he put forward politico-economic reasons such as: freedom of movement as to trade with the East; the protection of enterprises unable to compete; political reasons marked by the East-West conflict. So it was not legal but economic and political motives that prevented Austria from joining the EEC. For Kreisky the Swiss model was the obstacle to EEC membership.<sup>75</sup> Raab forcefully stated that 'nobody [sic] had ever seriously considered Austria's full EEC membership'. He also stressed that EFTA should not become a bloc that 'keeps to itself.' This was expressed in the preamble to the Stockholm Convention and also part of a special resolution. It was made by the other ministers during the initialing process upon Austria's request.<sup>76</sup>

In April Hallstein expressed his satisfaction about Austria 'emphatically and continually' promoting cooperation between EFTA and EEC member states.<sup>77</sup> Advocates of the 'core-European' idea

<sup>73</sup> *AdG*, 30 April 1960, B 8365.

<sup>74</sup> 'Gedächtnisprotokoll über die 2. Sitzung des Bundesparteivorstandes [der ÖVP] 3 March 1960', Archiv des Julius Raab-Gedenkvereins (AJRGV), Wien, Rote Separatmappe (Protokolle etc.).

<sup>75</sup> Oswald, "Wirtschaftliche Integration", pp.653-5.

<sup>76</sup> *Wiener Zeitung*, 23 March 1960, *AdG*, 25 March 1960, B 8299-300; see the EFTA-treaty in *AdG*, 29 Feb. 1960, B 8243.

<sup>77</sup> Report, Zl. 9-pol/60, Lemberger to Kreisky, 14 April 1960, ÖStA, AdR, BMfAA, Zl. 76091-pol/60, GZl. 76.091-pol/61.

interpreted Vienna's attitude as a possible safeguard against EFTA developing into an isolated economic organization and an opportunity to intensify EFTA-EEC relations. In other words, to use the Austrian case as a means to reduce cohesion within EFTA and to break it down in the long run.

The proposal of the EEC joining EFTA made by the Austrian Minister of Finance Reinhard Kamitz and the British was not accepted by the French EEC diplomat Jean François Deniau. He stated that such a construct was out of the question. He referred to the problems of rules on certification of origin. The EEC would not take any action that might imply the 'wish to destroy EFTA.' France would have welcomed a bilateral Austrian association: negotiations with Austria would be concluded within three months. The complex Greek case 'must not serve as an example.'<sup>76</sup> If Austria had directly pursued association with the EEC on a bilateral basis, as Greece did in the early 1960s, De Gaulle might have responded positively. Austria's EEC association would have given France some political control over the ever closer economic links between Austria and the FRG and would have weakened the EFTA and Britain's political position in Western Europe.<sup>77</sup>

The conference took place on 14 January, the consultations with Austria on 24 March. Emphasis was on cooperation among OEEC states. The OECD would play an active role in foreign trade and also

<sup>76</sup> Report, Zl. 22-pol/60, Lemberger to Kreisky, 25 June 1960, ÖStA, AdR, BMfAA, Zl. 79.508-pol/60, GZl. 70.300-pol/60; for the French attitude vis-à-vis Austria see Thomas Angerer, "Integrität vor Integration. Österreich und 'Europa' aus französischer Sicht 1949-1960", in Gehler and Steininger (eds.), *Österreich und die europäische Integration 1945-1993*, pp.178-200, here pp.197-9.

<sup>77</sup> In 1959-60 French diplomats stressed de Gaulle's open attitude to possible Austrian association with the EEC. See, for example, Bericht, Zl. 22-pol/60, Lemberger an Kreisky, 25 June 1960. ÖStA, AdR, BMfAA. EEC Commission President Walter Hallstein also made overtures to representatives of the ÖVP and Austrian industry in December 1959 that Austria should consider a bilateral customs union with the EEC. Cf. 'Bericht Univ.-Prof. Taucher über seine Reise nach Brüssel (1960)', StBKA, Bestand Integration, Box 1274; 'Tätigkeitsbericht', Zl. 37 A-60, Kolb an BMfAA, 13 Jan. 1960, ÖStA, AdR, BMfAA; Bericht, Zl. 174-RES/60, Schöner an BMfAA, 16 Feb. 1960, StBKA, Bestand Integration, Karton 1274; compare Angerer, "Integrität vor Integration", pp.178-200 and, by the same author, "L'Autriche précurseur ou 'Geisterfahrer' de l'Europe intégrée? Réflexions dans la perspective des années 1950", *Revue d'Allemagne et des pays de langue allemande* 24 (1992), pp.553-61.

facilitate the implementation of agreements on preventing customs discrimination. But the experts' trade policy proposals were regarded as insufficient. Vienna could be glad about the EFTA agreement's having come into force on 5 May. Both governing parties (ÖVP, SPÖ) had been in favour of it.<sup>80</sup> The Austrian Freedom's Party (FPÖ) was turned down and the Austrian Parliament sanctioned the EFTA treaty.<sup>81</sup>

At the Forum Alpbach on 31 August 1960 Kreisky argued that by becoming an EFTA member Austria had overcome its economic isolation. Thus, it was interested in both EFTA's existence and further development. The EFTA members should be allowed to join the EEC on their way. He proposed the partial creation of common external tariffs. 'Harmonizing talks on various comprehensive issues' would also reinforce EFTA's standing.<sup>82</sup> While Kreisky saw growing German economic influence in Austria, he had a pronounced liking for Britain, which only reinforced his enthusiastic support for EFTA.<sup>83</sup>

To play up the dangers of economic dependence on the FRG and - with the help of EFTA membership - to contain artificially the bilateral economic and trade ties regardless of the potential adverse effects on the Austrian economy, was a major strategic aim.<sup>84</sup> Kreisky strongly encouraged Austrian constitutional lawyers to develop an interpretation of neutrality that included non-participation in economic organisations which might prevent Austria from taking independent action in economic and trade policy in times of war.<sup>85</sup> This was a

<sup>80</sup> 'Bericht der Bundesregierung über den Stand der wirtschaftlichen Integration Europas', 11 July 1960, ÖStA, AdR, BMfAA, Zl. 137.886-Wpol-mult/60, Zl./GZl. 80.438-pol/60; AdG, 6 Feb. 1960, A 8201.

<sup>81</sup> AdG, 26/27 Nov. 1959, A 8076.

<sup>82</sup> Speech held by Kreisky at the Forum Alpbach in Tyrol, AdG, 31 Aug. 1960, D 8599; see also Bruno Kreisky, *Reden*, Vol.1 (Vienna, 1981), p.166.

<sup>83</sup> Bruno Kreisky, *Zwischen den Zeiten. Erinnerungen aus fünf Jahrzehnten* (Berlin, Vienna, Siedler-Kremayr & Scheriau, 1986), pp.443-6.

<sup>84</sup> Gehler/Kaiser, "A Study in Ambivalence", p.89; 'Anschluß an EWG würde indirekt Anschluß an Deutschland bedeuten: Gespräch von Brentano/Kreisky', 8 March 1960, Politisches Archiv des Auswärtigen Amtes (PA/AA), Bonn, MB 54.

<sup>85</sup> The most important contribution to the reinterpretation of the neutrality status were the legal opinions of Stephan Verosta, who had been head of the Department of International Law in the Austrian foreign ministry since 1952. See also Stephan Verosta, *Die dauernde Neutralität. Ein Grundriß* (Vienna, Manz, 1967).

theoretical construction that was also fashionable in Switzerland. Legal advisers in the British government regarded this as far-fetched in terms of international law and entirely politically motivated.<sup>86</sup> But the influence of extensive interpretation of neutrality by specialists in international law like Stephan Verosta and Rudolf Kirchschräger on the practice of Austria's diplomacy and foreign policy was very strong. For Kreisky, the progressive reinterpretation of the obligations of neutrality was a useful pseudo-academic cover for his main concern that Austrian EEC membership was undesirable on political grounds and would be in contradiction to the State Treaty's Anschluss prohibition. He played on the fear domestically that, as the Soviet Union treated the EEC as the economic wing of NATO, Austrian EEC entry might provoke unpredictable Soviet reactions.<sup>87</sup> In reality, however, Kreisky did not believe that it would.<sup>88</sup>

Kreisky tried to publicly increase the value of EFTA after negotiations with the EEC failed to materialize in 1960. It was neither a 'community come about by chance' nor 'a club of the discriminated.' He recommended an EFTA EEC skeleton contract, which might consist of numerous supplementary, multilateral treaties.<sup>89</sup> Kreisky seemed to dissociate himself from his 'strict EFTA self-purpose theory.'<sup>90</sup> However,

<sup>86</sup> The legal adviser concluded that permanent neutrality is entirely compatible with membership in international organisations, insofar as these organisations have no military character. In the British view this included membership in the EEC. PRO, FO 371/153178/1.

<sup>87</sup> For an overview of Soviet statements on the EEC and possible Austrian association see 'Übersicht über die bisher in den wichtigsten Vorhaltungen von sowjetischer Seite verwendeten Formulierungen betreffend das von Österreich angestrebte Verhältnis zur EWG. Gespräche mit dem Stellvertretenden Außenminister Semjonow', Haymerle to Kreisky, 20 May 1964, StBKA, Bestand Integration, Karton 1267. See also Bericht, ZL.20-pol/63, Karasek to Kreisky, 4 April 1963, ÖStA, AdR, BMFAA, II-pol; 'Generalsekretariat/Direktion für Auswärtige Beziehungen, Luxemburg, Siegfried Gahler, Vermerk für Herrn Hellwig', 8 Feb. 1962, concerning 'Wirtschaftspolitische Konferenz in Wien', 12 Feb. and 13 Feb. 1962, HAEC, CEAB 0005, 1398/1, 'Relations entre la CECA et l'Autriche', Folio 0019-0024; interview with Fritz Hellwig, 17 Sept. 2002.

<sup>88</sup> "Wenn Österreich der EWG beiträte, würde die Sowjetunion dies nicht als casus belli betrachten: Gespräch von Brentano/Kreisky", 8 March 1960, PA/AA, MB 54; "Vermerk für Herrn Hellwig", 8 Feb. 1962, HAEC, CEAB 0005, 1398/1, Folio 0021.

<sup>89</sup> Bruno Kreisky, "Integration auf handelspolitischer Grundlage", *Kurier*, 3 Sept. 1960.

<sup>90</sup> Karl-Heinz Ritschel, "Betreibt Österreich überhaupt Integrationspolitik?", *Salzburger Nachrichten*, 3 March 1961.

he knew only too well that in the long run, Austria could not do without an arrangement with Brussels. His basic position was to approach this process of rapprochement without prematurely giving up EFTA membership.

### **III. The Failure of the Multilateral Neutral's EEC-Association 1961-63**

In January 1961 the Grand Coalition had voted down the FPÖ's request to the National Council to revoke the Stockholm convention and to start negotiations for EEC membership.<sup>91</sup> But there were remarkably different opinions between the Grand Coalition politicians too. Bock described the EFTA treaty as invalid if EFTA could not reach an agreement with the EEC. Lujó Tončić-Sorinj (ÖVP) declared his support of contractual fidelity only. In contrast, Karl Czernetz (SPÖ) demanded the consolidation of EFTA.<sup>92</sup>

Still, circles of industry and agriculture increasingly criticized Austria remaining a part of EFTA. The export of agricultural and forest products comprised more than 80% of the total exports.<sup>93</sup> Thus, the Austrian People's Party farmer association demanded bilateral negotiations with the EEC with regard to the agricultural sector, which was not covered by the EFTA treaty.<sup>94</sup>

The Austrian Chamber for trade and commerce made Raab aware of the fact that Austria had only joined EFTA in order to be linked to the EEC as soon as possible. If this did not succeed it could consider the so called EEC-'open door' possibility.<sup>95</sup> In other words, it would go it alone. Yet the government could not afford such an offensive policy without provoking resistance both within the country and abroad. The enthusiasm about the rapprochement of Austria with the EEC was also restrained within the Community.

<sup>91</sup> *Arbeiter-Zeitung*, 19 Jan. 1961.

<sup>92</sup> Oswald, "Wirtschaftliche Integration", p.659.

<sup>93</sup> *Oberösterreichische Nachrichten*, 31 Jan. 1961.

<sup>94</sup> *Salzburger Nachrichten*, 4 March 1961.

<sup>95</sup> Rigobert Plass to Julius Raab, 27 Jan. 1961, Archiv des Karl von Vogelsang Instituts (AKVI), Wien, Box EWG-EFTA, Integration, Schachtel I.

The Commission did not know at all what to offer Austria in case it would be associated with the EEC. Such a case seemed to be purely 'hypothetical.' The EEC was not so 'association-favourable' as it appeared to be.<sup>96</sup>

Concerning the question of Austria's eventual EEC membership the position of the Commission was clear: 'une adhésion de l'Autriche à une communauté est exclue de la part des Six (neutralité) [...] Les Six poseront la théorie de l'adhésion obligatoire et parallèle aux trois Communautés à quiconque fait une demande pour une seule Communauté.' The question of an Austrian EEC association was another case. The Commission's attitude seemed to be divided: '...quelques gouvernements pour, quelques peut-être contre (Italie).'<sup>97</sup>

After Alfons Gorbach (ÖVP) had replaced chancellor Raab, the 'reformers' sympathizing with integration had more of a say within the party. Russia's diplomats expressed fears. They referred to an ÖVP meeting where the 'radical wing' demanded to leave EFTA and to join the EEC. Franz Karasek (ÖVP), Austrian diplomat in Moscow, referred to Gorbach's statement that Austria observed contractual obligations.<sup>98</sup>

In February 1961 Edward Heath offered the Western European Union (WEU) Council of Ministers a possible British EEC association.<sup>99</sup> Vienna welcomed this move. The Ballhausplatz interpreted it as a

<sup>96</sup> Report, Zl. 5-pol/61, Coreth to Kreisky, 8 Feb. 1961, ÖStA, AdR, BMfAA, Zl. 18746-pol/61. (GZl. 70.737-pol/60); Rolf Steininger, "Ich bin ermächtigt, Ihnen zu diesem Zweck die Aufnahme von Verhandlungen vorzuschlagen". Österreichs Antrag auf Assoziierung mit der EWG vom 15. Dezember 1961, in Thomas Albrich, Klaus Eisterer, Michael Gehler, Rolf Steininger (eds.), *Österreich in den Fünfzigern* (Innsbrucker Forschungen zur Zeitgeschichte 11) (Innsbruck, Vienna, Studienverlag, 1995), pp.357-87, here p.371; Oliver Rathkolb, "The Austrian Case: From 'Neutral Association' to a 'special arrangement' with the EEC 1961-1963", in: Richard T. Griffiths and Stuart Ward (eds.), *Courting the Common Market. The First Attempt to enlarge the European Community 1961-1963* (London, Lothian Foundation Press, 1996), pp.285-302, here pp.290-2.

<sup>97</sup> 'Note de Dossier of the Secretary General/Directions des Relations Extérieures. Charles Reichling, le vrai cadre de la visite Wehrer-Kreisky', 8 Sept. 1961, IIAEC. CAEB, 0005, 1139/3, Folio 0282.

<sup>98</sup> Report, Zl. 18-pol/61, Haymerle to Kreisky, 22 Feb. 1961 and 'Amtsvermerk Karasek', ÖStA, AdR, BMfAA, Zl. 20559-pol/61 (GZl. 18746-pol/61); Hamel, "Eine solche Sache...", pp.58-9.

<sup>99</sup> AdG, 27 Feb. 1961, D 8947-8.

'positive contribution to solving the European integration problem.'<sup>100</sup> Especially Kreisky feared that the British would prematurely leave EFTA. This represented a danger to EFTA's cohesion.<sup>101</sup> He suggested to Paul-Henri Spaak a neutrals' common action regarding the association question. The Swiss should be authorized to have 'exploratory talks' with EEC states on behalf of the three neutrals. He did not have a large state but a Benelux one in mind. The Belgian considered this the best proposal: Belgium would welcome such talks.<sup>102</sup> Spaak probably supported Kreisky's request because EEC association would contribute to undermine and dissolve neutrality of the applicant states in the long run.<sup>103</sup>

When the British decided in summer 1961 to apply for EEC membership, which finally put an end to the search for a multilateral solution to the trade conflict between the EEC and EFTA<sup>104</sup>, Austria decided to coordinate a future EEC association policy of the neutrals. It is interesting to note that Vienna in 1961 did not apply for an ECSC association. Despite remarkable pressure which came from the Austrian iron- and steel-industry to associate with the ECSC and look for a bilateral trade agreement for reasons of domestic affairs and foreign policy, the government kept particular restraint vis-à-vis an ECSC-arrangement. In August 1961 the High Authority saw a possible change in the government's position: public opinion (economy)

<sup>100</sup> Report Enderl/BMfAA to the Leiter der Abteilung 6, 17 March 1961, ÖStA, AdR, BMfAA, Zl. 116312-9/61, Zl. 20832-pol/61 (GZl. 18746-pol/61).

<sup>101</sup> Rolf Steininger, 1961: "Europe at Sixes and Sevens". Die EFTA und Großbritanniens Entscheidung für die EWG", in Gehler and Steininger (eds.), *Österreich und die europäische Integration 1945-1993*, pp.201-25, 220, 223-24; Steininger, "Ich bin ermächtigt ...", pp.377-78.

<sup>102</sup> 'Amtsvermerk Austrian Embassy Brussels', 19 May 1961, StBKA, Material Integration; Steininger, "Europe at Sixes and Sevens", pp.218-19.

<sup>103</sup> Handwritten notes [1961], HAEC, CEAB 0005, 1139/3, 'Relations de la Haute Autorité de la CECA avec l'Autriche', Folio 0281.

<sup>104</sup> On British European policy during 1959-63 see Wolfram Kaiser. *Using Europe, Abusing the Europeans. Britain and European integration 1945-63* (London, Macmillan, 1996), chapters 5 and 6 and the German version idem, *Großbritannien und die Europäische Wirtschaftsgemeinschaft 1955-1961. Von Messina nach Canossa* (Studien zur Internationalen Geschichte, hrsg. v. Wilfried Loth in Verbindung mit Anselm Doering-Manteuffel, Jost Dülffer und Jürgen Osterhammel, Vol. 2) (Berlin, Akademie Verlag 1996), pp.104-150.

realized that EFTA-membership is 'economic nonsense'; the British initiative to join the Community was highly regarded; the growth of the Austrian steel-industry within the framework of Austrian economy (increase in capacity of 26% 1960) were the reasons for the expected alteration.<sup>105</sup>

The neutrals started to coordinate integration policy in September. Austrian, Swedish and Swiss officials met in October. In Geneva specific interests of the neutrals (foreign trade policy vis-à-vis third countries, freedom of action and trade policy in case of war, treaty making power, participation in institutions with majority decisions, the policy of neutrality as the recognized basic of international politics in peace time too) and a sort of cancellation clause concerning EEC obligations were discussed.<sup>106</sup> The EFTA neutrals' ministers unanimously sanctioned the principles in Vienna on 19 October 1961.<sup>107</sup>

At the time Karasek warned about the periodically occurring Soviet interventions, which 'mirrored a particular basic political attitude.' There seemed to be no plausible reason for the Kremlin not to use 'all weapons available' to keep Austria from concentrating on and fostering a European economy 'dominated by Germany.' Karasek proposed four ways to achieve EEC association without disintegrating Austro-Soviet relations: first to demonstrate continuing to work with the other neutrals; second to examine the term 'association treaty', which was 'not well chosen.' He suggested replacing it with the considerably less binding term 'arrangement', third to coordinate the integration policy more closely between the two governing parties and fourth to be more discreet as to public talks and declarations.<sup>108</sup>

<sup>105</sup> "Vermerk der Direktion für Auswärtige Beziehungen, betreff: Vorschlag einer Erklärung, die Herr Minister Wehrer vor der Hohen Behörde über seinen bevorstehenden Besuch in Österreich abzugeben beabsichtigt", Siegfried Gahler, 1 Aug. 1961, HAEC, CEAB, 0005, 1139/2. 'Relations de la Haute Autorité de la CECA avec l'Autriche', Folio 0166-0170.

<sup>106</sup> Strictly confidential "Fortschrittsbericht", ÖStA, AdR, BMfAA, Zl. 37.169-II/61 (GZl. 17372-pol/61); Steininger, "Ich bin ermächtigt ...", p.366 and pp.374-5.

<sup>107</sup> Strictly Confidential Report, Zl. 24.922-VR/62, Kreisky to the Council of Ministers, 24 Feb. 1962, AKVI, Wien, Box EWG-EFTA, Integration. Schachtel I.

<sup>108</sup> Strictly confidential information from the BMfAA, 24 Oct. 1961 referring to a report written by Karasek. 13 Oct. 1961, *ibid.*

In Vienna one found Karasek's report 'remarkable.' The usage of the term 'arrangement' seemed 'worth considering.' Eduard Hartmann (ÖVP), Minister of Agriculture, suggested to chancellor Gorbach Austria should more strongly emphasize the leading position of France within the EEC.<sup>109</sup>

At a secret meeting between Kreisky, EEC Council of Ministers' president Ludwig Erhard and his undersecretary Alfred Müller-Armack in Bavaria, Kreisky underlined the necessity to simultaneously start British membership and the neutrals' association negotiations. Both Germans were of the opinion that the Treaties of Rome should not be substantially altered. Kreisky proposed preliminary talks, a 'working party' consisting of EEC and neutrals' representatives. Erhard and Müller-Armack explicitly stated that any form of cooperation between EEC and the neutrals other than association was not promising.<sup>110</sup>

In December Kreisky informed Erhard about Austria aiming for an 'as well as' solution. It could only be 'an exclusively economic agreement with the EEC', which would do justice to the maintenance of permanent neutrality and bilateral agreements. EEC-integrity would not to be impaired. Article 238 of the Rome Treaties should provide the basis for the request. Austria could afford such a step for Sweden and Switzerland had also decided to start negotiations with the EEC.<sup>111</sup>

In Brussels, on 15 December, Austria and the other neutrals submitted the apply for association according to article 238. The

<sup>109</sup> Confidential letter Hartmann to Gorbach, 30 Oct. 1961, *ibid.*

<sup>110</sup> "Aktenvermerk" concerning the talk Kreisky, Erhard, Müller Armack, 2 Aug. 1961, StBKA, Integration, Box 1274; Steininger, "Ich bin ermächtigt...", p.360. It was not Kreisky, but Erhard who made clear, that a discussion about any other form than association was hopeless.

<sup>111</sup> Kreisky to Erhard, 12 Dec. 1961, ÖStA, AdR, BMfAA, ZI. 171.946-9/61; Kreisky to Erhard, 15 Dec. 1961, HAEC, BAC 0118/1986, 1589, "Rapports avec l'Autriche: demande pour une association économique avec la CEE", Folio 0004-0005. The Austrian government asked for un 'accord purement économique avec la CEE, qui garantisse le maintien de sa neutralité permanente et tienne compte des accords que l'Autriche a conclus avec d'autres États en lui permettant à tout moment de remplir les obligations qui en découlent, mais qui par ailleurs ne porte pas atteinte à l'intégrité de la Communauté Economique Européenne.'

request itself did not contain the term 'association'.<sup>112</sup> The proposals made by Karasek proved to be good advice. The official language was: Austria "demande l'ouverture de négociations en vue de la conclusion d'un accord de caractère exclusivement économique, tendant à donner à l'Autriche la possibilité de collaborer à un marché européen élargi".<sup>113</sup>

At the same time, the Soviets presented an 'Aide-Mémoire.' Moscow' referred to the EEC's political aspect, its close connection to NATO and the FRG's leading role. When meeting the Soviet ambassador Victor Avilov, Kreisky emphasized that an exclusively economic agreement with the EEC would not affect Austria's obligations with regard to its foreign policy status.<sup>114</sup>

Despite internal opposition, the Austrian Trade Union had publicly sanctioned EFTA.<sup>115</sup> In January 1962, the Austrian, Swedish and Swiss trade unions unanimously came out in favour of an EEC-association. They regarded full EEC membership of their countries as impossible.<sup>116</sup>

The so-called "Birkelbach's report" generated a new debate. Willi Birkelbach was a Socialdemocrat, member of the German 'Bundestag' and the European Parliament. He let know that the Political Commission of the European Parliament wanted to point out the

<sup>112</sup> Steininger, "Ich bin ermächtigt...", pp.379-81; Michael Gehler, "Zwischen Supranationalität und Gaullismus. Österreich und die europäische Integration 1957-1963", in: *idem*/Rolf Steininger (eds.), *Die Neutralen und die europäische Integration 1945-1995. The Neutrals and the European Integration 1945-1995* (Institut für Zeitgeschichte der Universität Innsbruck, Arbeitskreis Europäische Integration, Historische Forschungen, Veröffentlichungen 3) (Vienna, Cologne, Weimar: Böhlau 2000), pp. 497-576, here pp. 546-57, especially p.556.

<sup>113</sup> "Information for the Press", 15 December 1961. EEC Council of Ministers, HAEC, BAC 0014/1967, 0011/2, Association de l'Autriche à la CEE: rapports, problèmes juridiques, Folio 009; Mayrzedt and Hummer, *20 Jahre österreichische Neutralitäts- und Europapolitik (1955-1975)*, Teilband I, p.352.

<sup>114</sup> Austrian Aide-Mémoire, 26 Feb. 1962 in response to the Soviet Aide-Mémoire from 12 Dec. 1961 and from 27 Aug. 1961 and the Austrian Aide Mémoire from 2 Oct. 1961, ÖStA, AdR, BMfAA, Zl. 151.370-9/61, Zl. 161.142-9/61, Zl. 172.787-9/62, Zl. 209.135-9/62. The Austrian ambassador to Moscow Heinrich von Haymerle recommended holding on and keeping strong, Haymerle to Kreisky, 12 December, 1961, Institut für Zeitgeschichte der Universität Wien (IfZg), Nachlaß Martin Fuchs, DO 832, NL-72, Mappe 23.

<sup>115</sup> Hehemann, "Daß einzelne Genossen darüber erschreckt sind", pp.340-1; *Arbeiter-Zeitung*, 28 Nov. 1959.

<sup>116</sup> *AdG*, 5 Jan. 1962, B 9589.

dangers ensuing from the participation of more countries in the EEC. It could harm its dynamic development. The association should be "a give and take" affair. It must not be a tariff preference granted by one side only. According to Birkelbach, the Political Commission viewed 'political neutrality' as 'amoral with regard to our time.' He alluded to the Swiss reservations. By neutrality they actually meant sovereignty. In Austria's case reservations were valid. State Treaty and neutrality rendered its 'position a particular one.' Therefore, a 'special solution' had to be found.<sup>117</sup>

Meyer Cording, closest collaborator of Müller Armack, propounded Bonn's hesitating attitude towards the neutrals' EEC-association. The neutrals should water down Birkelbach's assertions that they wished to 'take the pick of the bunch.' The neutrals should underline that they intended to observe their obligations. It seemed that Vienna could not count on the German 'Auswärtiges Amt' being supported. Not all of the neutrals' reservations were considered valid.<sup>118</sup>

During a lecture in Berne Chancellor Gorbach pointed out that full membership of the EEC was unthinkable for neutrality reasons. He acted in accordance with the objective to focussing on the characteristics the neutrals shared.<sup>119</sup> Gorbach was, however, less Swiss-oriented than Kreisky. Indeed Vienna was more pressing for an arrangement with Brussels than Berne was. In accordance with a coordinated approach, Kreisky was against the 'special case' thesis. Austria should not receive special treatment. This would endanger the collaboration with the neutrals. It was in the nature of special cases to engender 'pity and not active involvement.'<sup>120</sup>

But according to article four of the State Treaty ('Anschluss' prohibition) Austria should not take any action that harmed its political

<sup>117</sup> Report Zl. 4-pol/62, Schöner to Kreisky, 2 Feb. 1962, ÖStA, AdR, BMFAA, Zl. 62.759-pol/62 (GZl. 60.380-pol/62); Rathkolb, "The Austrian Case", p.293; Kaiser, "Challenge to the Community", p.29.

<sup>118</sup> BMFAA information strictly confidential for Gorbach, 14 Feb. 1962, AKVI, Wien, Box EWG-EFTA, Integration, Schachtel I.

<sup>119</sup> AdG, 16 Feb. 1962, A 9680.

<sup>120</sup> Strictly confidential report by Kreisky to the Council of Ministers, Zl. 24.922-VR/62, 24 Feb. 1962, AKVI, Wien, Box EWG-EFTA, Integration, Schachtel I.

and 'economic independence'. Kreisky referred to the International Court's Report of 5 September 1931, which stated that a customs union between Austria and the German 'Reich' was illegal. Kreisky could not ignore the Austrian "special case" reality. Thus the association treaty had to do justice to Austria's 'qualified' independence, he argued.<sup>121</sup> For the Quai d'Orsay this point was very important. France regarded Austria's status as a 'neutralité imposée.' Kreisky's special political case' concerns were justified. Paris tried to 'induce Austria to leave the three neutrals' group and thus to further divide EFTA member states.<sup>122</sup>

Vienna realized the implications stated in the Birkelbach-report. The Brussels attitude towards Austria remained ambiguous. The EEC commission followed a middle course vis-à-vis the Austrian "association policy".<sup>123</sup> Especially Rome had 'enormous difficulties' to accept 'Austrian association' as long as the South Tyrol conflict was not settled.<sup>124</sup> At that time, Rome had not yet raised any basic objection concerning the neutrals' EEC association. But Italy's Deputy Undersecretary for Foreign Affairs, Carlo Russo, stressed that association was seen as a transitional phase for states that could not join the EEC for economic reasons. Yet such states could establish political relations. By way of contrast, the three neutrals were entitled to immediately establish economic relations whereas political ones were impossible.<sup>125</sup>

French Foreign Minister Maurice Couve de Murville considered the neutrals' association efforts 'premature' and 'inexpedient': There was no sense in preliminary negotiations. The USSR would make every effort to prevent the consolidation of the Common Market. The Soviet's opposition against Austrian EEC association was obvious.<sup>126</sup>

<sup>121</sup> Report by Kreisky to the Council of Ministers, Zl. 25.041-VR/62, 5 March 1962, *ibid.*

<sup>122</sup> For this see BMfAA information for Gorbach, 2 March 1962, *ibid.*

<sup>123</sup> Generalsekretariat/Direktion für Auswärtige Beziehungen, Luxemburg, Siegfried Gähler, "Vermerk für Herrn Hellwig", 8 Feb. 1962, HAEC, CEAB 0005, 1398/1, Folio 0021; see also: 'L'Autriche entend conclure avec le Marché commun une association purement économique', *Le Monde*, 1 March 1962.

<sup>124</sup> Strictly confidential letter Kreisky to Gorbach, 6 April 1962, *ibid.*

<sup>125</sup> Report, Zl. 24-pol/62, Löwenthal to Kreisky, 2 April 1962, ÖStA, AdR, BMfAA, Zl. 65.736-pol/62 (GZl. 60.380-pol/62).

<sup>126</sup> Report, Zl. 22-pol/62, Martin Fuchs to Kreisky, 16 April 1962, ÖStA, AdR, BMfAA, Zl. 66.265-pol/62 (GZl. 60.380-pol/62).

Internal differences had a negative impact on Austrian integration policy. Bock favoured a bilateral tariff agreement which provided for the mutual granting of preferences. Later the above agreement would be expanded. He demanded that the integration question be moved from the official discussion. According to Kreisky this still did not solve existing problems. A 'mixture between customs union and Free Trade Area' seemed to be the only solution.<sup>127</sup>

In May 1962 the EEC Council of Ministers asked the neutrals to give more specific reasons for their requests. Austria and Sweden did so at the end of July; Switzerland only in September. Stockholm and Vienna underlined the maintenance of their neutrality and their interest in a purely economic agreement. The inclusion of a suspension clause would render majority decisions within the independent association organs acceptable.<sup>128</sup>

In May the EEC Council of Ministers decided to start a hearing procedure ('pourparlers') with an Austrian delegation.<sup>129</sup> Paul-Henri Spaak stated that association was inconceivable if one kept to the treaty-making power. There would be no need for Austria to come to Brussels if it stuck to such a demand. Spaak warned against both forced negotiations and too extensive, special regulations. He advised waiting until the issue of Britain joining the EEC was resolved.<sup>130</sup>

The conference in Oslo on 22 October 1962 progressed as expected by Vienna. It was of political benefit. EFTA solidarity was reinforced. Rumours that Great Britain attempted to 'break out' were efficiently countered.<sup>131</sup>

At the beginning of 1963 all dreams of early EEC association negotiations had been destroyed. On 14 January De Gaulle announced

<sup>127</sup> Beilage A und B, Concept of a letter Kreisky to Bock, 30 April 1962, StBKA, Material Integration.

<sup>128</sup> *AdG*, 29 July 1963, B 10010.

<sup>129</sup> Kreisky to Couve de Murville, 30 May 1962, 11AEC, BAC 0118/1986, 1589, Rapports avec l'Autriche: demande pour une association économique avec la CEE, Folio 0020.

<sup>130</sup> 'Verschlussakt', 30 May 1962, ÖStA, AdR, BMfAA, II-pol. Zl. 68.084-4A/pol/62 (GZl. 60.380-pol/62); Rathkolb, "The Austrian Case", p.296.

<sup>131</sup> "Résumé-Protokoll" (concerning the conference of the EFTA-Ministers in Oslo), 25 Oct. 1962, ÖStA, AdR, BMfAA, Zl. 76.557-pol/62 (GZl. 74.710-pol/62).

his veto against Britain joining the EEC.<sup>132</sup> In his declaration he referred to the association as 'a substitute' for British EEC membership. Yet he was not very specific about the above alternative solution. The Ballhausplatz paid close attention to the statement. However, no respective French initiative was planned.<sup>133</sup> Vienna considered it unlikely for De Gaulle to modify his line in the foreseeable future.<sup>134</sup> A postponement of EEC association negotiations was inevitable.<sup>135</sup>

The Soviet Vice-Foreign Minister Valerian A. Sorin let it be known that, due to the reinforced "French-German axis" the EEC had developed into an alliance characterized by 'obvious political objectives.' The alleged economic nature of the EEC had 'definitely been pushed into the background.' The argument that the neutrals' association efforts were an economic arrangement with an economic community was no longer valid.<sup>136</sup>

#### **IV. A Special Bilateral Arrangement between Austria and the EEC 1963-67?**

Unlike Switzerland and Sweden, Austria kept to its EEC association application. On 26 February, it renewed its request and thus chose to go it alone.<sup>137</sup> De Gaulle's historic veto blocked Kreiskys' policy of cooperation with the other neutrals. It divided the three neutrals with regard to integration policy. Hallstein argued that the Commission would support the Austrian application, because of its 'special case'

<sup>132</sup> Rolf Steininger, "Großbritannien und De Gaulle. Das Scheitern des britischen EWG-Beitritts im Januar 1963", *Vierteljahrshefte für Zeitgeschichte* 44 (1996), pp.87-118.

<sup>133</sup> Kreisky to Gorbach, 18 Feb. 1963, concerning an information given by Olivier Wormser to Fuchs, AKVI, Vienna, Box EWG-EFTA, Integration, Schachtel I.

<sup>134</sup> Report, Zl. 7-pol/63, Fuchs to Kreisky, 15 Jan. 1963, ÖStA, AdR, BMfAA, Zl. 20.960-pol/63 (GZl. 20.424-4-pol/63).

<sup>135</sup> 'Verschlußakt', 24 Jan. 1963, ÖStA, AdR, BMfAA, Zl. 21.230-4 (Pol)63, (GZl. 20.424-4-pol/63).

<sup>136</sup> 'Verschluß-Akte', Secret Report, Austrian EFTA-Delegation, 30 Jan. 1963, ÖStA, AdR, BMfAA, Zl. 70.105-RES/63 (GZl. 20.424-4-pol/63); "Moskaus Widerstand gegen die Integrationswünsche Wiens u. Moskaus Warnung an Österreich", *Neue Zürcher Zeitung*, 2 and 3 March 1963.

<sup>137</sup> Hamel, "Eine solche Sache ...", pp.63-5.

that required a 'special solution'. Any prejudging concerning further association cases should be avoided. He advised Lemberger not to talk of an 'Austrian association desire' but of 'a request to solve economic problems between Austria and the EEC'.<sup>138</sup>

Friedrich Traugott Wahlen, member of the Swiss Federal Council, was 'very concerned' about Austria renewing its request. He even used the phrase of Austria 'breaking up EFTA.' Switzerland obviously did not understand why to Austria concerning its EEC-EFTA policy 'a bird in the hand was not worth two in the bush'.<sup>139</sup>

The differences between ÖVP and SPÖ erupted into the open when De Gaulle's veto clarified that there would be no wider solution. Up to this point, the corporatist decision-making structures and the established Grand Coalition policy-making patterns, based on the lowest common denominator between the two parties, had excluded the possibility of a substantial innovation in Austrian European policy. However, the breakdown of the UK's negotiations, which led to sharply increased pressure from Austrian export industry for a unilateral approach to the EEC, in conjunction with slight ÖVP gains in early national elections on 18 november 1962, facilitated a change of course. In an internal coalition trade-off Kreisky, not least in order to secure his position as foreign minister, ceded ministerial responsibility for European integration matters to Bock. The renewed Grand Coalition now decided against the advice of Kreisky, but with his reluctant cooperation, to pursue the association option independently in bilateral talks.<sup>140</sup>

The Austrian embassy in Moscow insistently warned the Ballhausplatz. Heinrich Haymerle, head of the Mission, argued that the signing of the French-German treaty (22 January 1963) had added a new element. It rendered Austrian integration policy more complicated. De Gaulle's policy supported the Soviet hypothesis that

<sup>138</sup> Kreisky to Gorbach concerning a talk Lemberger-Hallstein, 21 March 1963, AKVI, Box EWG-EFTA, Integration, Schachtel I.

<sup>139</sup> Kreisky to Gorbach, 1 April 1963, Zl. 317.899-9/63, AKVI, *ibid*.

<sup>140</sup> Gehler and Kaiser, "A Study in Ambivalence: Austria and European Integration 1945-95", p.92.

the EEC represented NATO's economic substratum being an instrument of 'French-German' collaboration and of Germany playing a dominant role within the Market. It was difficult to refute the hypothesis that Bonn was the 'most fervent advocate' of Austria becoming part of the EEC. Again, the 'Anschluss question' was in the air. Switzerland's and Sweden's demonstrative 'slow down' regarding their Brussels objectives was a further hindrance. According to the Austrian embassy 'full association' could only be considered if Austria was totally backed by Switzerland and Sweden.<sup>141</sup>

The Ballhausplatz was not pleased with De Gaulle's anti-British position, since it brought multilateral rapprochement to a halt for the time being. The timing of the General's veto was bad because the national parliamentary elections, in which the ÖVP had won a considerable mandate with 81 seats versus 76 for the SPÖ, created an interim situation.<sup>142</sup> Kreisky recommended close cooperation with Sweden and Switzerland, and was opposed to a unilateral abrogation of the Stockholm convention. Bock pushed for a quick bilateral solution with the EEC,<sup>143</sup> and thus they became sharply at odds over the direction of integration.

Vice-Chancellor Pittermann entered the internal discussion in an interview with the German news magazine *Der Spiegel*. In order to maintain neutrality, he would accept the fact that Austria's economic situation would worsen in comparison with the rest of Europe. Pittermann's statement, which brought internal party differences to the surface,<sup>144</sup> signified that given the choice between association with the

<sup>141</sup> Report, Zl. 20-pol/63, Karasek to Kreisky, 4 April 1963, ÖStA, AdR, BMfAA, II-pol, Zl. 26.445-pol/63 (GZl. 20.424-II-63).

<sup>142</sup> Michael Gehler, "Kontinuität und Wandel. Fakten und Überlegungen zu einer politischen Geschichte Österreichs von den Sechzigern bis zu den Neunzigern (1. Teil)", in *Geschichte und Gegenwart* 14 (December 1995), pp.203-238, pp.206-7.

<sup>143</sup> 'Die Bundesminister Dr. Kreisky und Dr. Bock im Rundfunk zum Scheitern der Verhandlungen EWG-Großbritannien', 31 Jan. 1963, in *10 Jahre österreichische Integrationspolitik 1956-1966. Eine Dokumentation des Bundesministeriums für Handel und Wiederaufbau*, hrsg. v. Bundesministerium für Handel und Wiederaufbau, Vienna: BMfHuW [1966], p.147.

<sup>144</sup> "Spiegel"-Interview mit Vizekanzler Dr. Pittermann: "Verhungern in der Neutralität?", 23 Jan. 1963 with further press comments, in *10 Jahre österreichische Integrationspolitik 1956-1966*, pp.145-6.

EEC or neutrality, he would favour the latter. He actually spoke as if the possibility of association was self-evident. Pittermann did not want to give a response to the question of whether Austria should play a similar role in the EEC to that of Finland in EFTA, that is, striving for association.<sup>145</sup> With this, he gave his support to Kreisky's warning about hasty bilateral negotiations with the EEC and his criticism of "going it alone". Kreisky assured the ambassadors from the EFTA countries that a departure from the small free-trade zone was out of the question, at least, not for any government to which the SPÖ belonged.<sup>146</sup>

In the course of the vote of 18 November 1962, the scope of Minister of Trade Bock's portfolio was broadened to include questions of integration, which Kreisky must have experienced as a setback. With this, the chances for further EFTA loyalty sank. In March Austria lodged a diplomatic protest with the EEC states with the goal of initiating "informative discussions".<sup>147</sup>

West German Undersecretary of Foreign Affairs Rudolf Lahr made known that Rome had shown a "very reserved" attitude regarding Vienna's reinvigorated request, since the Austrians were "trop méchant contre l'Italie". From the director of the multilateral economic department of the the Quai d'Orsay, François Valéry, it was learned "that in Brussels a negative atmosphere must be expected for several months" and that "Austria at this point in time cannot act."<sup>148</sup> The political director, Charles Lucet, at least assured that an entangling of the application for association with the South Tyrol question would be seen as "absolutely unfounded" and "inadmissible".<sup>149</sup> At the same time, Lahr underlined that the FRG would "most warmly" support any step by Austria in the direction of the EEC.<sup>150</sup> The latest development was a "potent injection for EFTA", which apparently was successfully revived.<sup>151</sup>

<sup>145</sup> "Verhungern in der Neutralität?" Spiegel-Gespräch mit dem österreichischen Vizekanzler Dr. Bruno Pittermann", in *Der Spiegel* 1963, Nr. 4, pp.44-51, here pp.44. 50-1.

<sup>146</sup> Steininger, "Österreichs 'Alleingang' nach Brüssel", p.580.

<sup>147</sup> Cf. Hamel, "Eine solche Sache...", pp.63-5.

<sup>148</sup> Confidential letter from Kreisky to Gorbach, 12 March 1963, AKVI, Box EWG-EFTA.

<sup>149</sup> Fuchs to Kreisky, 2 April 1963, *ibid.*, Zl. 21-pol/63, Zl. 25.581 (GZl. detto).

<sup>150</sup> "Verschlusschreiben", 16 March 1963. *Ibid.*

<sup>151</sup> Schöner to Kreisky, 19 March 1963, ÖStA, AdR, BMfAA, II pol, International 2 c, Zl. 16-pol/63, Zl. 24.743-pol/63 (GZl. 224.494-pol/63).

In fact, De Gaulle's veto caused a revival of the EFTA feeling of solidarity on the one hand, but on the other hand, also brought on the division of the neutrals. The Austrian rapprochement with the EEC was not unwelcome to the advocates of a core Europe. Olivier Wormser, the General Director for Economic Matters at the Quai d'Orsay, expressed himself in favour of Austrian association.<sup>152</sup>

Because of Vienna's intentions to hold bilateral discussions with Brussels, there were worries not only in London, but in Berne and Stockholm as well. On 9 April in Brussels, the Swedes even lodged a diplomatic protest with the Austrian representative against the break of solidarity among the neutrals. While Great Britain had made its membership application with the backing of the other EFTA states, this was not the case with Austria going it alone. In London, a Soviet intervention was even reckoned upon, that is, the convening of a Four Power Conference according to the regulations of the State Treaty.<sup>153</sup>

After the hiatus of Sweden and Switzerland, Austria's decision to "go it alone" was all the more controversial,<sup>154</sup> since now the Soviet Union could concentrate its reproach on Austria alone. From February to April, nineteen direct Soviet statements were received by the Ballhausplatz, where they were interpreted as "warnings". In broadcasts over Soviet Radio, the debated question was the subject approximately twenty times between January and April 1963, and was also dealt with three times in Pravda during the same period.<sup>155</sup> The USSR could undoubtedly exert its negative influence in the form of restrictions on Austria's exports to

<sup>152</sup> Steininger, "Österreichs 'Alleingang' nach Brüssel", pp.585-6.

<sup>153</sup> Cf. Artikel 34 and especially 35 in Gerald Stourzh, *Geschichte des Staatsvertrages 1945-1955. Österreichs Weg zur Neutralität* (Graz, Vienna, Cologne: Styria 3rd edition 1985), pp.299-300 and in *idem*, *Um Einheit und Freiheit. Staatsvertrag, Neutralität und das Ende der Ost-West-Besetzung Österreichs 1945-1955* (Studien zu Politik und Verwaltung 62) (Vienna, Cologne, Graz: Böhlau-Verlag, 1998, 4th very extended edition), pp.752-754; on the instrumental character of British policy on neutrality and European integration see also Wolfram Kaiser, "Neutral, nicht neutral, auch egal: Großbritannien, die Neutralen und die europäische Integration 1945-1972", in: Michael Gehler and Rolf Steininger (eds.), *Die Neutralen und die europäische Integration 1945-1995*, pp. 44-60.

<sup>154</sup> Gerhard Kunnert, *Österreichs Weg in die Europäische Union. Ein Kleinstaat ringt um eine aktive Rolle im europäischen Integrationsprozeß* (Vienna, Verlag der Österreichischen Staatsdruckerei, 1993), p.31.

<sup>155</sup> Steininger, "Österreichs 'Alleingang' nach Brüssel", p.587-9.

Eastern European countries. In addition, the demand to maintain the transfer payments for the former "German assets" in the form of petroleum still played a role here. But this seemed to be the maximum. In spite of all reproaches and warnings, the Soviet representatives never said how they would react and what concrete measures would be undertaken if Austria intensified its relationship with the EEC.

Austria's diplomatic representation to the Soviet Union often gave warnings<sup>156</sup> using the same argument which had been delivered to it in Moscow, namely, that the Bonn-Paris axis had created a revision of alliances and, above all, new conditions for Russia, once more an indication that the anti-British attitude of De Gaulle was weakening the integration policy position of the neutral countries.<sup>157</sup> Karasek thus suggested avoiding an institutional EEC Anschluss and being content with the minimum of an economic-political arrangement, which would have been declared "provisional".<sup>158</sup>

Against the international and European political background, Austria's "going it alone" had to be seen as a bold undertaking. The Soviet veto policy was not the main obstacle. If the economic arrangement did not succeed, the failure could be blamed upon the inflexibility of the EEC. Bock was the most clear-cut supporter of "going it alone",<sup>159</sup> since, out of all the EFTA states, Austria's economy had met with the greatest difficulties because it had the largest percentage of its foreign trade with the EEC (50 % of all exports and 58% of the whole imports in 1963).<sup>160</sup> The

<sup>156</sup> "Streng vertraulicher Protokollvermerk Nr. 21, Aufzeichnung über eine Rücksprache mit dem russischen Botschafter", 22 Nov. 1963, SBKA, Integration Box 1267.

<sup>157</sup> Confidential report by the Austrian Embassy in Moscow Zl. 56-101/64 concerning "Das österreichisch-sowjetische Verhältnis im Lichte der Bemühungen Österreichs um ein Arrangement mit der FWG", 29 May 1964, StBKA, Integration, Box 1267.

<sup>158</sup> Karasek to Kreisky, 9 April 1963, ÖStA, AdR, BM/AA, II pol, International 2 c, Zl. 20-pol/63, Zl. 26.445-pol/63 (GZl. detto).

<sup>159</sup> Reinhard Meier-Walser, *Die Außenpolitik der monocoloren Regierung Klaus in Österreich 1966-1970* (tuduv-Studien. Reihe Politikwissenschaften 27) (Munich 1988), p.169, pp.185-94.

<sup>160</sup> Jürgen Nautz, "Wirtschaft und Politik. Die Bundesrepublik Deutschland, Österreich und die Westintegration 1945-1961", in Michael Gehler/Rolf Steininger (Eds.), *Österreich und die europäische Integration 1945-1993. Aspekte einer wechselvollen Entwicklung* (Institut für Zeitgeschichte der Universität Innsbruck, Arbeitskreis Europäische Integration, Historische Forschungen, Veröffentlichungen 1) (Vienna, Cologne, Weimar: Böhlau, 1993), pp.149-177 and the tables pp. 170, 173.

“maximalist” Bock was of the opinion that Austrian interests could also be pushed, without a corresponding multilateral approach.<sup>161</sup> The Socialists increasingly criticized Bock and his alleged tendency to want to terminate EFTA membership even before a possible EEC arrangement.<sup>162</sup>

Bock’s offensive integration policy contributed to mistrust on the part of the other EFTA states, no matter how often Kreisky stressed Austria’s loyalty. In contrast, Hallstein welcomed the position of those who supported rapprochement with the EEC, especially with a view towards the upcoming next phase of customs reductions “some agreement with Austria” would have to be reached. The aim was to avoid “Austria being driven into the arms of the Russians.”<sup>163</sup>

The initial rounds of secret talks between the Commission and the Austrian government took place on 3-4 May and 8-9 July in Brussels. They were not even exploratory discussions, but only a type of “hearing”.<sup>164</sup> The Austrian representatives explained their stance in accordance with the line established together with the other neutrals in 1961. The Commission was disappointed when a customs union was rejected. With respect to the all-decisive question as to whether Austria intended to leave EFTA, the evasive answer was that it was still too early to decide.<sup>165</sup>

The premature abandonment of EFTA membership, as the SPÖ leadership under Kreisky argued, should not, however, take place without first having the security of concluding an agreement with Brussels. Bock did not find any serious conflict with the duties of a neutrality which was defined in purely military terms.<sup>166</sup>

According to British assessments, fed by Kreisky, Bock was in favour of leaving EFTA, if this were to be the requirement for an EEC

<sup>161</sup> Interview with Fritz Bock, 3 March 1992.

<sup>162</sup> *Ibid.*; Fritz Bock, *Integrationspolitik von österreichischer Warte* (Vienna, 1970) und *idem*, *Der Anschluß an Europa. Gedanken, Versuche, Ergebnisse* (St. Pölten, Verlag Niederösterreichisches Verlagshaus, 1978), pp.40-58, here p.42, 47-8, 55-6.

<sup>163</sup> Quoted in Steininger, “Österreichs ‘Alleingang’ nach Brüssel”, p.591.

<sup>164</sup> Confidential common report and application for the Austrian Ministers’ Council Zl. 503.988-Vb/17/63, concerning “Die Aufnahme künftiger Besprechungen mit der EWG”. Vienna, 8 June 1963, StBKA, Bestand Integration, Box 1274.

<sup>165</sup> Steininger, *Österreichs ‘Alleingang’ nach Brüssel*, p. 590-4, here p.592.

<sup>166</sup> Meier-Walser, *Die Außenpolitik*, pp.188-94, 197-242, especially p. 227, pp. 237-8.

arrangement. Kreisky however rejected this as being rash. During exploratory discussions such a concession must not be made; it could always be thought about in the end. In actuality, the decision was left open and Bock apparently had to give in.<sup>167</sup> In 1963, there was no fundamental disagreement, but a divergence in the question of tactics. The arguments between Bock and Kreisky later became sharper,<sup>168</sup> to such an extent that Bock even threatened to resign.<sup>169</sup>

In the first half of November, further talks between Vienna and Brussels ended without result. In December, the last round for the time being took place. It became clear that what Vienna wanted most was to belong to both organizations, but it did not want to close out its options.<sup>170</sup>

After only three years in office, Gorbach, who had appeared too static, no longer enjoyed unlimited confidence within the ÖVP at the Klagenfurt party reform convention on 19 and 20 September 1963. The new party chairman, Josef Klaus, who had distinguished himself as the head representative of the course of reform, wanted to inaugurate in Austria a new era detached from Raab.

In April 1964, Klaus also took over the function of head of the government. His cabinet was, in part, newly formed, Bock remained as Minister of Trade. Chancellor Klaus and Vice Chancellor Pittermann were to form the last coalition government (1964-66).<sup>171</sup>

On 2 April 1964, Austria's Council of Ministers stated that the settling of the relationship with the EEC was "the highest priority in the foreign policy arena." All efforts had to be undertaken in order to eliminate the disadvantageousness of Austrian exports. Austria would declare its support for the principles of the Treaties of Rome; although

<sup>167</sup> Confidential common report and application for the Austrian Ministers' Council Zl. 503.988-Vb/47/63, concerning "Die Aufnahme künftiger Besprechungen mit der EWG", Vienna, 8 June 1963, StBKA, Bestand Integration, Box 1274; Steininger, *Österreichs 'Alleingang' nach Brüssel*, p.593.

<sup>168</sup> "Bundesminister Dr. Bock für 'Vertrag besonderer Art' mit der EWG", 16 Oct. 1964, in *10 Jahre österreichische Integrationspolitik 1956-1966*, pp.213-4.

<sup>169</sup> "EWG-Streit: Bock droht mit Rücktritt", in *Die Presse*, 16 Oct. 1963, in *10 Jahre österreichische Integrationspolitik 1956-1966*, pp.168-9.

<sup>170</sup> Steininger, *Österreichs 'Alleingang' nach Brüssel*, p.594.

<sup>171</sup> Gehler, "Kontinuität und Wandel (1. Teil)", pp.206-7.

in consideration of neutrality and the State Treaty, would confirm the sovereignty of treaties over trade policy. It was on this basis that negotiations began one year later between Brussels and Vienna.<sup>172</sup>

It was completely clear to Bock that Austria in 1964 could not accept an association under the EEC's conditions with the consequence of a later membership. He emphasized that an arrangement, which was tantamount to a "treaty sui generis" was not just simply empty words. This would neither represent an immediate membership in the EEC nor result in the same at a later date.<sup>173</sup> There was no debate about the goal; only which policy would best attain it was what gave them headaches. Bock favoured a special hybrid solution somewhere between a free-trade zone and a customs union,<sup>174</sup> while Kreisky preferred a mixture between association and trade agreement.<sup>175</sup>

In 1964, both an association and an arrangement were out of the question for the Soviet Union. It was no accident that Deputy Foreign Minister, Vladimir Semenov, who was very kindly disposed towards Vienna, tried to bring to mind the Swiss model in order to put the brakes on Austria's ambitious integration policy, because the key problem of the Soviet's Europe policy was still the German question. After internal assessments, it seemed certain that agreements of a purely trade policy nature would be considered "if they only took into account the economic requirements mentioned",<sup>176</sup> in spite of all

<sup>172</sup> Michael Gehler, "Die österreichische Außenpolitik unter der Alleinregierung Josef Klaus 1966-1970", in, Robert Kriechbaumer, Franz Schausberger, Hubert Weinberger (eds.), *Die Transformation der österreichischen Gesellschaft und die Alleinregierung Klaus* (Veröffentlichungen der Dr.-Wilfried Haslauer-Bibliothek, Forschungsinstitut für politisch-historische Studien 1), (Salzburg, ITV, 1995), pp.251-71. here pp.255-6.

<sup>173</sup> "Bundesminister Dr. Bock berichtet dem Ministerrat über österreichische Schritte bezüglich des italienischen Memorandums", 12 May 1964, in *10 Jahre österreichische Integrationspolitik 1956-1966*, p.194.

<sup>174</sup> "Bundesminister Dr. Bock und Prof. Nemschak bei Salzburger Expertengespräch über 'Österreich und die EWG'", 8 Nov. 1963, in *10 Jahre österreichische Integrationspolitik 1956-1966*, p.172.

<sup>175</sup> "Vertrauliches Protokoll des Eidgenössischen Politischen Departements über die Arbeitssitzung im Anschluß an den offiziellen Empfang des österreichischen Bundeskanzlers Klaus", 7 July 1964, StBKA, Bestand Integration, Box 1274.

<sup>176</sup> "Vertraulicher Bericht Zl. 53-Pol/64 der Österreichischen Botschaft in der UdSSR 'Gespräche mit dem stellvertretenden Außenminister Semjonow Verfolg Drahtbericht 25055 vom 19. Mai 1964'", Haymerle to BMIAA, 20 May 1964, StBKA, Bestand Integration, Box 1267.

warnings and verbal protests which were to be expected in such a case.

On 28 May the EEC Commission approved a report by the General Secretariat about the Austrian association question which contained nothing new. This type of integration was a "special form of organic connection with the community". However, the only states which ought to enter into association should be those who wanted to join later. Leaving EFTA was seen as imperative in order to have association.<sup>177</sup>

The EEC Commission's report of 3 June 1964 was generally favourable. But further talks with Brussels quickly met with resistance from other EEC members. They feared that a special provision for Austria would lead to future precedents, which, in turn, could have led to a dilution of the structures and intentions of the yet to-be-created EC.<sup>178</sup>

British diplomacy did not exclude that Austria would leave EFTA and France would then intend to weaken UK's position in the small Free Trade Zone. London found that, in the interest of the consolidation of EFTA and not least in its own interest, a Soviet interference was helpful!<sup>179</sup> The British ambassador to Vienna, Malcolm Henderson, had already deliberated about how he could sway Moscow toward a more firm (aggressive) attitude toward Austria. He considered a break in trade relations and sanctions against Austria in the Danube Commission and other institutions to be well within the realm of possibility.<sup>180</sup> This was not lacking in frivolity and perfidy, since it took a considerable risk at the expense of a small country. It also showed, however, with what means Great Britain had engaged in compensating for its sinking influence in Europe and for France's power within the EEC.

<sup>177</sup> Steininger, *Österreichs 'Alleingang' nach Brüssel*, p.595-6.

<sup>178</sup> Kaiser, *Challenge to the Community*, p.30; Gehler, *Die österreichische Außenpolitik unter der Alleinregierung Josef Klaus 1966-1970*, pp.251-71, pp.255-6.

<sup>179</sup> Steininger, "Österreichs 'Alleingang' nach Brüssel", p.600.

<sup>180</sup> *Ibid.*, pp.600-2.

During the state visit of Klaus to Berne in July 1964 the Swiss made existing differences clear.<sup>181</sup> Ambassador Stopper pointed out that the associated neutral state would run the risk of being in conflict with third party countries because of the protectionist policy of the EEC. It would further have to accept the far-reaching decisions of the EEC, which would be equivalent to satellite status: "You would not enter into a customs union relationship with voting rights [...]. Furthermore, you are taking a big risk with sanctions from the EEC, which would impose them if the decisions of the EEC were not to be followed. [...] The question is whether, with this state of affairs, a continuation of neutrality policy is possible."<sup>182</sup>

The Swiss are said to have indicated, and would have even made public if necessary, that Austria's policy no longer had anything to do with neutrality in general, let alone with Swiss neutrality.<sup>183</sup> Internal opponents of a departure from EFTA sought to capitalize upon the visit to Switzerland of the advocates of EEC association,<sup>184</sup> even though Bock, as well as Kreisky, had spoken of a "special type of treaty" in Berne.<sup>185</sup> The Foreign Minister called it a "arrangement sui generis",<sup>186</sup> whereby he had actually found the way back to a sort of "special case" thesis, which up until then he had discarded in consideration of the association of neutrals.<sup>187</sup>

The agreement between Bruno Kreisky and Giuseppe Saragat, who held the same post and belonged to the equivalent party in Italy, was connected with the Italian approval of the question of an EEC

<sup>181</sup> "1. Fassung der Arbeitssitzung in Bern", 7 July 1964. StBKA, Deposit Integration, Box 1274.

<sup>182</sup> *Ibid.*

<sup>183</sup> Steininger, *Österreichs 'Alleingang' nach Brüssel*, p.602.

<sup>184</sup> "Bundesminister Dr. Bock für 'Vertrag besonderer Art' mit der EWG", 16 Oct. 1964, in *10 Jahre österreichische Integrationspolitik 1956-1966*, pp.213-4.

<sup>185</sup> *Ibid.*; "Vertrauliches Protokoll des Eidgenössischen Politischen Departements über die Arbeitssitzung im Anschluß an den offiziellen Empfang des österreichischen Bundeskanzlers Klaus", 7 July 1964, StBKA, Bestand Integration, Box 1274.

<sup>186</sup> "Notiz bezüglich österr.-italienische Außenministertreffen (EWG-Österreich)", 25 May 1964, StBKA, Bestand Integration, Box 1267.

<sup>187</sup> *Neue Zürcher Zeitung*, 23 July 1964, in *10 Jahre österreichische Integrationspolitik 1956-1966*, pp.205-6.

arrangement, which meant a trade- and customs treaty. But Kreisky failed with this initiative.<sup>188</sup> Kreisky, who had perceived Austria's role as the protective power for South Tyrol as a means to promote Austrian identity and to delimit the Alpine Republic from Germany,<sup>189</sup> and Saragat, had agreed, on 25 May 1964 in Geneva, on the formation of a mixed commission of experts. The consultations of this committee in Paris generated a comprehensive Italian offer, above all with a view toward an international arbitration commission. The offer, however, was rejected in January 1965 by the South Tyrolean People's Party (SVP) as insufficient for its policy of autonomy.<sup>190</sup>

On 2 March 1965, the EEC Council of Ministers gave the Commission a mandate to open official negotiations on the removal of trade impediments, the regulation of customs on trade between Austria and third-party countries, and on the harmonization of community policy with that of Austria (economic and agricultural policy). Bock emphasized that neutrality had to be considered and Austria would reserve the right to enter into customs and trade agreements with third party countries.<sup>191</sup> The President of the Commission Hallstein assessed the chances of an agreement being concluded first between the EEC and Great Britain as low. With satisfaction, Bock handed over the notes of his talks with Hallstein to the Foreign Minister. Kreisky's influence was waning. He criticized the French position, since it gave the British no possibility to enter the EEC and left the "outer Seven" with only the alternative to choose between the EEC and England. Faced with this choice, Kreisky in

<sup>188</sup> See for this Rolf Steininger and Südtirol zwischen *Diplomatie und Terror 1947-1969* (Veröffentlichungen des Südtiroler Landesarchivs Bd. 6/3, Bozen: Athesia 1999), 3 vols.

<sup>189</sup> Bruno Kreisky, *Im Strom der Politik. Der Memoiren zweiter Teil*, (Vienna, Kremayr & Scheriau, 1988), pp. 146-159, here pp.148-149 and 158-9.

<sup>190</sup> Friedl Volgger, *Mit Südtirol am Scheideweg. Erlebte Geschichte* (Innsbruck, Haymon 1984), pp.264-265; Kreisky, *Im Strom der Politik*, pp.156-157.

<sup>191</sup> "Schreiben des BMfHW an das Büro des Herrn BMfAA", 11 May 1965 mit Beilage "Gedächtnisnotiz über einen Besuch von Bundesminister Dr. Fritz Bock bei Präsident Hallstein", 30 April 1965, StBKA, Bestand Integration, Box 1267.

<sup>192</sup> "Der verschlungene Weg der europäischen Einigung". Auszug aus der Rede des Bundesministers für Auswärtige Angelegenheiten Herrn Dr. Bruno Kreisky im Rahmen des ökonomisch-soziologischen Kolloquiums der Universität Basel", 25 Feb. 1965, StBKA, Bestand Integration, Box 1267.

1965 still appeared to opt for EFTA. The Foreign Minister, who appeared to have difficulties establishing personal relationships with Hallstein, did not advocate an unlimited version of EFTA as an end in itself as had often been insinuated, but returned to his old idea of a general agreement with derivative treaties. He admitted, as well, that years earlier the time had not yet been ripe for it.<sup>192</sup> He also considered De Gaulle's vision of a "Europe all the way to the Urals" as equally unripe. The anglophile Kreisky branded these ideas as illusions which not even the organization of a common market in Western Europe was realising. Kreisky saw Europe-wide projects as most likely to be realized within the framework of the Economic Commission for Europe (ECE) of the UN.<sup>193</sup>

Within the framework of the first negotiation mandate that the EEC council of ministers granted the commission leading to six rounds between March 1965 and February 1966 on the reduction of trade barriers, the harmonization of the Austrian tariffs with the Community, the inclusion of the agricultural sector, trade with the East, the harmonization of economic policy, the neutrality policy, and the question of institutions were discussed, rapprochement and even agreement were achieved in some areas, and in other areas the existing problems were at least identified. Bock referred to reservations about treaty-making power and the right to withdraw that had already been brought out by Kreisky at the hearing in July 1962.<sup>194</sup> The commission basically recognized both of these claims. What remained open, though, was what could be done about it in the event that these reservations were to be abused as pretexts. A reciprocal abrogation and suspension clause also appeared to present no difficulties. In the customs question, there was a consensus that within a period of four years the internal customs would be eliminated and the EEC tariffs would be assumed by Austria. The commission agreed to the accelerated reduction of EEC customs ("d calage"). With regard to the assumption of the EEC tariffs, the commission demanded the extension to the EFTA nations that is a step by step increase in customs

<sup>192</sup> "Kreisky, "Keine 'Europa bis zum Ural'-Illusionen", in *Sozialistische Korrespondenz*, 28 June 1965, No. 161.

<sup>193</sup> Gehler, *Zwischen Supranationalitt und Gaullismus*, p.566.

duties towards them. Both this set of topics and the question of EFTA membership, however, could not be solved because of differing points of view within internal Austrian politics. The revocation of trade liberalization within the sphere of EFTA did not appear to be economically unproblematic. Once again, the commission considered double membership to be a very problematic precedent for other aspirants and a threat to the customs union in and of itself.<sup>195</sup>

The differences in opinion in integration policy in the Grand Coalition limited Austria's room for manoeuvring, but the extent to which it was possible to achieve compromises and agreements with Brussels was astounding. As a result of the elections in March 1966, the ÖVP achieved an absolute majority and in April, for the first time in the Second Republic, formed a single-party government. Trade Minister Bock moved up to Vice Chancellor. Klaus pushed for the sought-after participation in the Common Market.<sup>196</sup>

The "going it alone" policy was further pursued, although the EEC-Council of Ministers did not allow itself to be pressured concerning a further mandate for negotiations. This mandate was not to occur until 7 December 1966. Foreign Minister Lujó Tončić-Sorinj (1966-68)<sup>197</sup> was more hesitant toward the desire for an EEC arrangement than was Bock because of his much narrower interpretation of the obligations of neutrality, much to the displeasure of his party colleagues. He, like his predecessor Kreisky, emphasized the possibility of a Europe-wide solution as a result of enhancing the status of the Council of Europe. He had in mind his old idea of a cooperation between the EEC and EFTA.<sup>198</sup> This ought to have led to a special arrangement with Brussels within the framework of a greater free-trade zone.<sup>199</sup>

<sup>195</sup> Oswald, *Wirtschaftliche Integration*, pp.666-7.

<sup>196</sup> Meier-Walser, *Die Außenpolitik*, p.455; Interview with Chancellor Dr. Josef Klaus, 19 Sept. 1998.

<sup>197</sup> Meier-Walser, *Die Außenpolitik*, pp.162-74.

<sup>198</sup> "Rede des Außenministers Lujó Tončić-Sorinj vor der Beratenden Versammlung des Europarates in Straßburg", 3 May 1966, in Mayrzedt and Hummer, "20 Jahre österreichische Neutralitäts- und Europapolitik (1955-1975)", Teilband I, pp.314-5.

<sup>199</sup> Meier-Walser, *Die Außenpolitik*, pp. 162-174, here pp.169-70, pp. 454-455.

## V. With and Without Italy's Veto: From the Failure of the "Go-It-Alone" to Bilateral EEC/ECSC-Free Trade-Agreements 1967-72

On 2 February 1967 the round of negotiations with Brussels was concluded<sup>200</sup> and even the otherwise hesitant Tončić assessed the possibilities of concluding a special treaty with the EC as favourable. The second (partial) mandate for negotiations was granted to the commission on December 7, 1966 and was clouded by doubts on the part of the French, according to whom there should basically be a discussion about whether a comprehensive agreement with third countries served a purpose at all before concluding negotiations. Trade regulations for industrial goods, trade with the East and the eventuality of agriculture harmonization were discussed in two rounds of negotiations.<sup>201</sup> The special status, that is, the maintaining and further development of Austria's trade with the East was recognized. For this purpose, Vienna was supposed to be granted customs allocations, shifts in freight traffic patterns with domestically-produced products (goods subject to rules of origin) were to be prevented, and the community was to be granted a protection clause. Whether Austria would have been allowed to take preventative or corrective precautions autonomously in the event of a decrease in trade with the East was, however, controversial and remained unresolved. No agreement was reached concerning the inclusion of agriculture, since the harmonization of agricultural policy desired by Austria caused resistance by the EEC. A harmonization of economic policy with a view, as well, toward a future EC system of laws was only supposed to occur to such an extent as would be necessary for the prevention of a distortion of competition and shifts in freight traffic patterns. The envisioned treaty would only have represented a *de facto* customs union, because although Vienna

<sup>200</sup> "Fünfzehnter Bericht der Bundesregierung über den Stand der wirtschaftlichen Integration Europas für die Zeit vom 1.1.1967 bis 31.8.1967" (Abschnitt "Österreichs Verhältnis zur EWG und EGKS"), in Mayrzedt and Hummer, *20 Jahre österreichische Neutralitäts- und Europapolitik (1955-1975)*, Teilband I, pp.414-7.

<sup>201</sup> Streng vertraulicher Bericht an den Ministerrat, EWG-Österreich; Ergebnis der 8. Verhandlungsrunde 30.1. bis 3.2.1967, ÖStA, AdR, BMHGI, Sektion II., AV 65.110-I/4/67 (60.003/67).

intended to go along with future modifications of the tariffs autonomously, it was not ready to give up its freedom of structuring customs and trade policy (treaty-making power). With the inclusion of forms of economic policy, however, traces of an economic union would have been present. From a legal point of view, the form of the negotiations amounted to a free-trade agreement. In spite of a basic agreement with a view toward an association council appointed on the basis of equal representation and an independent court of arbitration, the question of institutions was not solved in a satisfying manner. According to Viennese interpretation, resolutions by this council with a law-changing character would have required the consent of the Austrian Parliament. From the Commission's perspective, this would have brought about delays which otherwise could have been avoided, it would have promoted legal uncertainty, and it would have conceded an indirect veto to Austria. In the long run, this construction could only have been manageable if Austria renounced this veto, if it had gone along with all Austrian legal acts being linked to those of the Community, and if it had incorporated the Community's corpus into Austrian law. In May, 1967, Vienna, through an Aide-Mémoire, pressed for the acceleration of the granting to the Commission of a concluding mandate for negotiations.<sup>202</sup> Considerable ground had been won and the door to the Common Market seemed to be ajar.<sup>203</sup> But that was not to be.

<sup>202</sup> Oswald, *Wirtschaftliche Integration*, pp.667-669.

<sup>203</sup> Aktennotiz "Unterredungen mit Herrn Andresen, Österreich-Referent der EWG-Kommission," 22 June 1967, ÖStA, AdR, BMfHGI, Sektion II, Karton 7484, AV 71.481-I/4/67 (60.003/67); Fünfzehnter Bericht der Bundesregierung über den Stand der wirtschaftlichen Integration Europas für die Zeit vom 1. Jänner 1967 bis 31. August 1967, in *Österreichische Zeitschrift für Politikwissenschaft* 8 (1968), Heft 3, pp.161-191; compare also Jean-Victor Louis, L'adaptation du premier mandat de négociation avec l'Autriche, 2 mars 1965 (La demande autrichienne en vue de la conclusion d'un accord avec la CEE [Chapitre premier], Les cadres formels de l'intervention de la mission de l'Autriche et des représentants des États membres [chapitre II], Des "conversations exploratoires" à définition du premier mandat de négociation [Chapitre]), in N. Kohlhaase, F.A.M. Alting von Geusau, J. Siotis, P. Gerbet, J.-V. Louis, *Les missions permanentes auprès des organisations internationales* (Dotation Carnegie pour la paix internationale, Études de cas, Tome 2), (Bruxelles, 1973), pp.361-426; Stanley Henig, *External Relations of the European Community. Associations and Trade Agreements* (Chatham House PEP European Series No. 19), (London 1971), pp.126-145, here p.131.

Austria sounded out the question of an EEC arrangement in Moscow. During the state visit to the USSR from 14 to 21 March 1967, Michael S. Voslensky, "a visitor, who was not part of the government",<sup>204</sup> and a deputy of the General Secretariat of the Communist Party for Central European Matters, explained in a head-to-head meeting that the USSR could never accept "that the FRG could have Austria under its economic control, which would represent the beginning of a massive economic penetration of the Danube region all the way to the Soviet border. In such a case, the economy would be nothing less than the precursor to political infiltration through which the whole laboriously created equilibrium in central Europe would be destroyed." Any participation in a customs union or economic community would signify a violation of the State Treaty, "not to even mention permanent neutrality". In reply to the Minister's question as to what further developments should be considered, Voslensky replied "that the Soviet Union, however, could have a certain, although hesitant, understanding about an arrangement based upon a free-trade zone".<sup>205</sup> What was meant was a free-trade zone with the EEC (!), and this statement was remarkable. But it was not possible, however, to push such a plan through against the strong EC association/membership wing of the ÖVP.<sup>206</sup> The forceful variety of integration policy, which strove for more than a free-trade zone, if not even for full membership, was rejected by France, which apparently took up a position that was in accordance with Moscow vis-à-vis Austria.<sup>207</sup>

At the state visit of Georges Pompidou and Maurice Couve de

<sup>204</sup> Lujó Tončić-Sorinj, *Erfüllte Träume. Kroatien-Österreich-Europa* (Vienna, Munich: Amalthea, 1982), pp.381-3.

<sup>205</sup> Confidential letter of the Secretary General of the Council of Europe, Lujó Tončić-Sorinj to the Secretary General of the Austrian Foreign Ministry, Walter Wodak, 19 July 1972, StBKA, Vienna, Karton 1266/1274; Josef Klaus, *Macht und Ohnmacht in Österreich. Konfrontationen und Versuche* (Vienna, Munich, Zurich: Molden, 1971), pp.250-262, here p.252, 261; Interview with Tončić, 24 Jan. 2000.

<sup>206</sup> Private letter of Lujó Tončić-Sorinj to Karl Gruber, 13 Oct. 1976, Karl Gruber Archiv, Institut für Contemporary History, University Innsbruck, Ordner Korrespondenz M-Z.

<sup>207</sup> Lujó Tončić-Sorinj, "Gehen wir den Weg nach Europa", in: Helmut Wohnout (ed.), *Demokratie und Geschichte. Jahrbuch des Karl von Vogelsang-Instituts zur Erforschung der Geschichte der christlichen Demokratie in Österreich 2* (Vienna, Cologne, Weimar, 1998), pp.34-58, here pp.47-8.

Murville in Vienna from 13 to 16 September 1967, the French pronounced themselves opposed to a solution which went beyond the concept of a free-trade zone.<sup>208</sup>

Apart from the questions of what sort of relationship Austria should have with the EEC/EC, the increasingly virulent South Tyrol question and new terror attacks rendered the Italian-Austrian secret negotiations about better terms for solving the conflict more difficult.<sup>209</sup> The tension in the bilateral relationship was to end Vienna's hopes for integration for the time being.<sup>210</sup> Already beginning in October 1966, Italy had initiated a policy of power and threats toward Austria by means of a "war of notes". Tensions reached "the lowest point" in the dealings between the two countries "since the year 1945".<sup>211</sup> On 25 June 1967, four Italian officers were blown to bits by two anti-personnel mines which had been hidden near an electric power pylon that had earlier been blown up at the Porzescharte near the Italian border. The Austrian suggestion to form an international commission of experts in order to contribute to the clarification of the case was rejected by Italy. The latter had numerous times demanded action against the terrorists, who allegedly had found a hideout in Austrian territory, but this demand to Austria had remained unanswered. On 28 June Foreign Minister Amintore Fanfani (DC) instructed the Italian delegation to the High Authority to oppose the initiation of negotiations between the ECSC and Austria (the Austrian government had made an application to initiate negotiations with the High Authority on 15 December 1966 to underline the seriousness of the planned EC arrangement<sup>212</sup> as long as

<sup>208</sup> Tončić, *Erfüllte Träume*, pp.381-383; Bock, *Integrationspolitik von österreichischer Warte*, p.77; Klaus, *Macht und Ohnmacht in Österreich*, p.324.

<sup>209</sup> Gehler, "Die österreichische Außenpolitik unter der Alleinregierung Josef Klaus 1966-1970", pp.258-259.

<sup>210</sup> *AdG*, 5 July 1967, p.13278-9; Günther Pallaver, "L'erba del vicino, Italien-Österreich. Nachbarn in Europa", in: Gehler and Steininger (eds.), *Österreich und die europäische Integration 1945-1993*, pp.226-266. here p.238; Hamel, "Eine solche Sache", pp.78-79.

<sup>211</sup> Rolf Steininger, *Südtirol im 20. Jahrhundert. Vom Leben und Überleben einer Minderheit* (Innsbruck-Bozen, Studienverlag, 1997), p.494; Steininger, *Südtirol zwischen Diplomatie und Terror*. Vol. 3: 1962-1969, pp. 533-571, here pp.545-556.

<sup>212</sup> "Österreich beantragt Verhandlungsaufnahme mit EGKS", in: *AdG*, 15 Dec. 1966, p.12876.

Austria had not proved that its territory "was no longer serving as an operation base for terrorists who are carrying out attacks in Italy". On 30 June it was made known that Italy's representative to the committee of standing representatives of the EEC Council had demanded the removal from the agenda of the Austrian negotiations.<sup>213</sup>

Together with Tončić, Bock received the ambassadors of Holland and Belgium and the *chargés d'affaires* of France and Germany. He delivered a memo in which it was argued that the Italian attitude was unjustified. The Austrian-Italian malaise ought not to have been a concern of economic integration. The government had "always forcefully and publicly condemned" the acts. Tončić refused to establish a link between economic integration and an unrelated political problem. If such an action were to become the general pattern of negotiations, then the process of European unity would be made considerably more difficult.<sup>214</sup>

Not least because of massive public pressure resulting from strong reactions in the press, the Italian government reacted with a disproportionate attitude toward Austria. Italy demonstrated to the public a policy of strength toward Austria and left its northern neighbour, which was disadvantaged with its policy of integration, no choice but to completely comply with Rome's demands and to submit to the Italian point of view. It left no room for discussion. This was a small version of the veto policy *à la* De Gaulle against the UK, since the five other EEC states as well were given no possibility to manoeuvre or mediate.

The Austrian government decided to deploy troops on the border.<sup>215</sup> While Vienna desperately struggled for damage control the Minister of the Interior Franz Hetzenauer gave the order to use the troops as assistance to the gendarme unit with the code name "Operation Border South",<sup>216</sup> as

<sup>213</sup> Quoted in AdG, 5 July 1967, pp.13277-8. See also "Weisung des Bundesministeriums für Handel, Gewerbe und Industrie an die Österreichischen Botschaften Paris, Den Haag, Brüssel und Luxemburg," 4 July 1967, ÖStA, AdR, BMIHGI, Sektion II, Karton 7484, AV 70.255-1/4/67 (60.003/67).

<sup>214</sup> AdG, p.13278-9.

<sup>215</sup> Interview with Minister Franz Hetzenauer, 24 May 1994.

<sup>216</sup> Josef Riedmann, *Das Bundesland Tirol 1918 bis 1970, Geschichte des Landes Tirol*, Vol. 4/II (Bozen, Innsbruck, Vienna: Athesia/Tyrolia 1988), p.1283.

well as to implement control and security measures, in order to signal with this symbolic act that they were making an effort to capture the terrorists. The Tyrolean provincial governor Eduard Wallnöfer showed his understanding for the necessity of this approach for reasons of state policy, even though he personally took the perpetrators under protection and gave the "freedom fighters" the possibility of resettling in Bavaria.<sup>217</sup>

On 11 August 1967 Klaus declared that the South Tyrol question would be made a European issue if need be, since Italy itself had opened up this possibility through its EEC linkage. He further criticized the Italian refusal to participate in the Vienna Trade Fair, as well as the fact that Fanfani had not appreciated Austria's measures of good will. Bock raised the question of bringing in the Council of Europe regarding the Italian veto. In a declaration of the Farnesina it was stated that the fact that the EEC Council of Ministers made decisions unanimously had been overlooked by Vienna. Austria would lose at that point in time, it went on, because unanimity could not be realized without Italy's assent.<sup>218</sup> De Gaulle's tactic was once again employed. The path to Brussels had been hopelessly blocked by Rome, and Bock's offensive policy had failed. But it would be a historical misinterpretation to believe that Austria's EEC association could have been attained if Italy's veto did not come up.

The policy of forced integration had spread itself too thin for different reasons: *first* Great Britain was disgruntled because of the attempted "desertion" from EFTA, which it would concede to no other country prior to itself; *second* France, in spite of good will and friendly declarations, did not want to allow any exceptions to the EEC rules of the game and sympathized with the status quo of Austrian neutrality in order not to encourage the penetration of the German economy even further; *third* the USSR had legal grounds (article 4 of the State Treaty states the economic and political Anschluss prohibition) which were most convincing, as has already been outlined; *fourth* Belgium's Foreign Minister Spaak who was no exception in being disquieted by the evasive

<sup>217</sup> Interview with Franz Hetzenauer, 24 May 1994; Riedmann, *Das Bundesland Tirol 1918 bis 1970*, p.1307; Steininger, *Südtirol zwischen Diplomatie und Terror 1947-1969*, Vol. 3, pp. 558-560.

<sup>218</sup> Steininger, *Österreichs 'Alleingang' nach Brüssel*, pp.611-32, here 631-2.

Austrian attitude regarding the question of EEC institutions and the demand for "treaty-making power"; *fifth* Switzerland and the other neutrals were indignant because Austria, of all countries, as the newcomer in "the holy field of neutrality", if you will, allowed itself "risky escapades" with an all-too-free interpretation and seemed to drift off in the dangerous wake of "non alignment"; *six* Italy combined in a "Machiavellian" way the non-combinable, leading to a veto that had never before existed, in order to compensate for its frustration over the unending bomb attacks in South Tyrol; *seven* the FRG remained the only advocate but although it was an economic giant its political influence was limited, especially concerning Austria. The Chancellors Ludwig Erhard and Kurt-Georg Kiesinger together with Foreign Minister Willy Brandt<sup>219</sup> were the warmest supporters, although they also had to show consideration toward their EEC partners France and Italy.<sup>220</sup>

The Western Powers were tired of the topic and aware of the questionability of the Italian veto, which could not be supported by arguments of economic or integration policy. It was rather the case that the interests of the leading nations involved, including the United States, stood in opposition to the wishes of Austria. Therefore, repercussions could not fail to fall on the shoulders of the person chiefly responsible for this policy. Fritz Bock did what he could in order to diminish the disadvantages for the Austrian economy. But circumstances were just too strong. In January 1968 he preferred to leave the government.<sup>221</sup> Bock lost his position as Vice Chancellor as well.<sup>222</sup>

<sup>219</sup> "Besuch des Vizekanzlers Bock in Bonn; BRD unterstützt nach wie vor das Anliegen Österreichs, mit der EWG zu einem Arrangement zu gelangen", in: AdG, 3 July 1967, p.13276; "Weisung des Bundesministeriums für Handel, Gewerbe und Industrie an die Österreichischen Botschaften Paris, Den Haag, Brüssel und Luxemburg," 4 July 1967, ÖStA, AdR, BMfHGI, Sektion II, Karton 7484, AV 70.255-1/4/67 (60.003/67).

<sup>220</sup> For the phase of close German-Italian cooperation see Carlo Masala, *Italia und Germania. Die deutsch-italienischen Beziehungen 1963-1969* (Kölner Arbeiten zur Internationalen Politik 7), (Cologne, SH-Verlag, 1997, 2<sup>nd</sup> edition), pp. 207-15, and for South Tyrol as an aspect of the bilateral relations see also *ibid.*, pp. 49-68.

<sup>221</sup> Interview with Fritz Bock, 3 March 1992.

<sup>222</sup> Alfred Ableitinger, Fritz Bock, in Herbert Dachs, Peter Gerlich, Wolfgang C. Müller (eds.), *Die Politiker. Karrieren und Wirken bedeutender Repräsentanten der Zweiten Republik* (Vienna, Manz, 1995), pp.69-77, here pp.74-5.

At the same time, Kurt Waldheim followed Tončić Sorinj, who was nonplused with the difficult South Tyrol question, as Foreign Minister (1968-70).<sup>223</sup> The integration efforts of the Ballhausplatz were put on ice because of the unsolved problem of the expansion of the Community. Because of the Italian veto, which was still in effect after 1968, what remained for Waldheim was only the possibility of a cautious and tiptoeing policy of "small steps".<sup>224</sup>

The insistent policy seeking an arrangement with the EEC/EC led to eight rounds of negotiations (from March 1965 to February 1966 and from December 1966 to February 1967).<sup>225</sup> It did not, however, lead to a completion of negotiations, even though the federal government toward the end of the ÖVP single party government had pushed for a provisional solution ("interim agreement") with the two European communities (EEC and ECSC).<sup>226</sup> Through these efforts, the economic groups in Austria that were always impatient could at least be pacified and reassured.

Even Italy would have accepted Austria's ambitious intensification of its EEC approach but the unsolved problems between EEC Commission on the one hand and the association applicant on the other hand were too big. According to Lujó Tončić - Sorinj, the Italian veto was not the only decisive obstacle for Austria's EEC arrangement.<sup>227</sup> In the end an agreement between Vienna and Rome with regard to South Tyrol was an important precondition for a wider bilateral free-trade arrangement with the Community.

It was only two years later, in 1969, after further consultations that the "package" agreements (120 points entailing measures that Rome

<sup>223</sup> Meier-Walser, *Die Außenpolitik*, pp.175-84 and 455.

<sup>224</sup> *Ibid.*, pp.237-42.

<sup>225</sup> "Fünftehnter Bericht der Bundesregierung über den Stand der wirtschaftlichen Integration Europas für die Zeit vom 1.1.1967 bis 31.8.1967 (Abschnitt "Österreichs Verhältnis zur EWG und EGKS)", in: Mayrzedt and Hummer, *20 Jahre österreichische Neutralitäts- und Europapolitik (1955-1975)*, Teilband 1, pp.414-7.

<sup>226</sup> Paul Luif, "Der Weg zum 12. Juni: 1955, 1957, 1962, 1972/73", in: Anton Pelinka (ed.), *EU-Referendum. Zur Praxis direkter Demokratie in Österreich* (Schriftenreihe des Zentrums für angewandte Politikforschung 6) (Vienna, Signum, 1994), pp.23-48 here pp.40-41.

<sup>227</sup> Letter from Prof. Lujó Tončić - Sorinj, Salzburg, to the author, 13 September 2000.

was prepared to grant to South Tyrol) and a "calendar of operations" (a timetable for the step-by-step implementation of the "Paket") could be agreed upon. Foreign Minister Kurt Waldheim came to an agreement with Foreign Minister Pietro Nenni at the Council of Europe on 13 May 1969 and with his successor Aldo Moro on 30 November 1969 in Copenhagen over the settlement of the South Tyrol question.<sup>228</sup> This also resulted in the removal of the Italian veto in Brussels. Beginning in 1969, the agreement with Italy opened up the possibility for Austria to reach agreements with the European Community, a goal which had clearly become a greater priority than South Tyrol.

Vienna, however, still had to wait for a partial success. Austria's integration policy of the 1960s only showed the first signs of being fulfilled in 1972-73: ten years after De Gaulle's historical veto, an arrangement came into force in the form of bilateral customs and trade agreements of the EFTA states with the EEC and the ECSC.

## VI. Final Analysis

The permanent change of integration policy-concepts from a multilateral Wide Free Trade Area (WFTA) 1956-58, to multilateral small free trade (EFTA) 1959-60, the multilaterally organized neutral's EEC association-policy 1961-63, different Austrian attempts at a bilateral EEC arrangement 1963-67 and then for bilateral free-trade agreements between EFTA states and the EEC/ECSC 1972/73 showed how difficult it was for Austria to achieve its integration policy goals in the fifties and sixties. Were they unrealistic? Was Vienna tilting against windmills?

*First*, the hostile and firm position of the Soviet Union could, in fact, be softened, but no formal breakthrough was achieved. A bilateral EEC association was not accepted by the USSR, even though a modification of its categorical point of view was not excluded.

<sup>228</sup> Felix Ermacora, *Südtirol und das Vaterland Österreich* (Vienna, Munich: Amalthea, 1984), pp.157-216; Rolf Steiminger, "Die Südtirolfrage 1946 bis 1993", in: *Geschichte in Wissenschaft und Unterricht* 45 (Januar 1994), pp.3-23; *Idem*, *Südtirol im 20. Jahrhundert*, pp.501-9; Kurt Waldheim, *Der österreichische Weg. Aus der Isolation zur Neutralität* (Vienna, Munich, Zurich: Molden, 1971), pp.157-192.

*Second*, what made Austria's efforts generally more difficult was that the integration policy of the 1960s was characterized by a dwindling, faith in supranationality and by the rising strength of Gaullism.

*Third*, increasing West German economic power above all led to increasing Soviet suspicions. The demand that Austria fulfill the obligations of neutrality was Moscow's strategy to stem Austria's attempt to bring itself nearer to the EEC, a device which Kreisky also employed both as Foreign Minister (1959-66) and as a member of the opposition (1966-70).

*Fourth*, "going it alone" failed after eight rounds of negotiations in 1967 not only or primarily because of the objections of the USSR - which, although taken seriously by the Austrian government, did not hinder it from negotiating further with the Commission - but rather as a result of Italian objections and because of France's doubts brought about by the Soviet stance.<sup>229</sup>

*Fifth*, the support of the West German "free trader" and anti-Gaullist Erhard for Austria, the applicant for association, did not alone suffice to undermine the political priorities of the integration of Western Europe, namely, the strengthening of the cohesion within the EEC, the question of membership for Great Britain, and the long-term association of other states who desired membership.

*Sixth*, it is not to be overlooked that domestic policy and inter-party debates about the EEC/EFTA question played a very negative role especially the reluctant integration policy by the SPÖ and Bruno Pittermann.

*Seventh*, the crises within the EEC also had a further hampering effect: the problems involved in financing the common agricultural policy, De Gaulle's policy of "the empty seat", and the resulting so-called "Luxembourg Compromise" of 28/29 January 1966, which, with the implicit establishment of the principle of unanimity, allowed no opportunity for the expansion of the community. The question of

<sup>229</sup> Angerer, "Besatzung, Entfernung ... Integration?", pp.82-102, here pp.85-7, 91-3; Klaus, *Macht und Ohnmacht in Österreich*, p. 366.

becoming an EEC associate state could also only be decided by unanimity, so no majority voting would have taken place in the the case of an EEC expansion anyway!

*Eighth*, apart from the problems of association the limited European political possibilities contributed to the failure of the policy of "going it alone". Great Britain was the most attractive applicant for membership. Austria was only in the second rank along with the other neutral countries behind the membership sought by the United Kingdom, Denmark, Ireland and Norway.

*Ninth*: the British, with the refusal of their own membership applications, which the French president was twice able to thwart in 1963 and 1967, found themselves left behind. Austria's aspirations to bilateral negotiations were viewed in London with scepticism and disapproval.

*Tenth*, in 1967-68, Austria was confronted with a double crisis situation on its southern and eastern borders: the tense diplomatic relationships with Italy because of terrorist attacks aggravated the already limited position on integration policy even further. Added to that were the events in the Czechoslovak Socialist Republic with the intervention of the Warsaw Pact nations on 20/21 August, 1968, as a result of which Austria's room to manoeuvre with integration policy sank to zero. Vienna was compelled to defer its ambitious efforts.<sup>230</sup> Austria had overestimated the possibilities of integration and gambled for too high stakes.

Did "going it alone" pave the way for later agreements with Brussels? It cannot be denied that the method by which the ambitious Austrian integration policy was conducted with the EEC and explained to the Soviets opened the door to a more conciliatory attitude in the Kremlin regarding the creation of an economic Greater Europe. If this opinion were to be backed up by further clues and evidence, for which Soviet sources are still missing, this would have been by far the greatest success ever of Austrian politics.

<sup>230</sup> Hamel, "Eine solche Sache", pp.78-81.